

handed down yesterday are highly impressive words, and I now place them in the RECORD, as follows:

It is not the function of this Court to disregard the will of Congress in the exercise of its constitutional power.

If Chief Justice Stone had contributed nothing else to our American philosophy, those words alone would be worth the life which he nobly and inspiringly lived.

I have risen to pay my tribute and that of the State of Indiana to this great man and to give our endorsement and approval to these wonderful words he spoke in sustaining the philosophy of the American way of life.

Mr. McCARRAN. Mr. President, speaking for those who are members of the committee of the Senate which deals with the law, I would say a word, because I realize, as, I think, all the Members of this great body must of necessity realize, that this great man by the hand of his Maker has been called from this world at a most untimely hour. In my judgment there was never a time in the history of America when men of the type of Chief Justice Stone were so much needed as they are today.

To him the Constitution of the United States was a sacred document of government, and yet it was not a static instrument. In expanding that instrument, however, his every word explained that he was animated by a zeal and a fervor to preserve and guard it in the finest things for which it speaks. He was at all times in his every utterance a progressive American, realizing the confines of the instrument which created the great tribunal over which he presided as Chief Justice of the United States. In his every expression he showed himself to be a lover of constitutional government, but, above all, he recognized the rights of the people to speak for themselves in respect to the mandates that would govern them.

So when the world so desperately needs men of his type, it is indeed an untimely hour when he is called away.

But, thanks be to God, he leaves behind him the fine thoughts written into the instruments coming from his pen that will, we hope, in these troublous times guide us into a tranquil sea. May his love of constitutional authority prevail to preserve America, so that civilization may endure and develop in the centuries to come.

The PRESIDENT pro tempore. The question is on agreeing to the resolution submitted by the Senator from Kentucky [Mr. BARKLEY].

The resolution was unanimously agreed to.

The PRESIDENT pro tempore. The Chair appoints as the committee the Senator from Kentucky [Mr. BARKLEY], the Senator from Nevada [Mr. McCARRAN], the Senator from New York [Mr. WAGNER], the Senator from Maine [Mr. WHITE], the Senator from Wisconsin [Mr. WILEY], and the Senator from New Hampshire [Mr. TOBEY].

RECESS

Mr. BARKLEY. As a further mark of respect to the memory of the late Chief Justice, I move that the Senate now take a recess until 12 o'clock noon tomorrow.

The motion was unanimously agreed to; and (at 12 o'clock and 28 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, April 24, 1946, at 12 o'clock meridian.

SENATE

WEDNESDAY, APRIL 24, 1946

(Legislative day of Tuesday, March 5, 1946)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. Emory Stevens Bucke, editor, Zion's Herald, Boston, Mass., offered the following prayer:

Great and good God, Thou who has endowed all men with a chance for greatness, give us the will to know Thy will.

Thou who hast made us stewards of brotherhood under Thy fatherhood, bless our Nation and the nations of the world, that Thy children may regain a sense of moral responsibility.

We pray for these servants of Thy children. Make this a truly great body because of the revelation of Thy will. Gird them up and make them strong that the Nation may take its rightful place in restoring a broken and disillusioned world.

Give us the power to aid the suffering millions of the world. Help us to realize that no man liveth unto himself and that the welfare of all determines the welfare of each.

Forgive us our sins, confirm us in Thy love, and may Thy will be done through the United Nations. This we pray in Thy name. Amen.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar days Monday, April 22, 1946, and Tuesday, April 23, 1946, was dispensed with, and the Journal was approved.

TRIBUTE TO THE LATE CHIEF JUSTICE STONE

Mr. SMITH. Mr. President, it was a great regret to me that when the Senate convened yesterday I was attending a meeting of the Committee on Military Affairs, and was therefore unable to be present in the Senate at the time when tribute was paid to my beloved friend, the distinguished late Chief Justice of the United States.

At this time I merely wish to take the opportunity to express my own sense of loss in the passing of this great jurist. He was not only a great jurist, but in my case had been a lifelong friend. I attended the Columbia Law School some years ago when Mr. Justice Stone was an instructor in law there, and he was one of the first men to inspire me with an interest in the affairs of our country and our legal system.

I felt that I must add this word of brief tribute to the memory of the late Chief Justice, and this expression of the great affection I have borne for him and Mrs. Stone during a great portion of my life.

LEAVE OF ABSENCE

Mr. BUTLER. Mr. President, I ask unanimous consent of the Senate to be absent from attendance at the sessions of the Senate for a few days.

The PRESIDENT pro tempore. Without objection, leave is granted.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on April 22, 1946, he had presented to the President of the United States the following enrolled bills:

S. 1152. An act to effectuate the purposes of the Servicemen's Readjustment Act of 1944 in the District of Columbia, and for other purposes;

S. 1610. An act for the rehabilitation of the Philippines; and

S. 1757. An act to amend the Surplus Property Act of 1944 with reference to veterans' preference, and for other purposes.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

AUTHORIZATION FOR UNITED STATES PARK POLICE TO MAKE CERTAIN ARRESTS WITHIN THE DISTRICT OF COLUMBIA

A letter from the Secretary of the Interior, transmitting a draft of proposed legislation to authorize the United States Park Police to make arrests within Federal reservations in the environs of the District of Columbia (with an accompanying paper); to the Committee on Public Buildings and Grounds.

LEGISLATION PASSED BY MUNICIPAL COUNCIL OF ST. THOMAS AND ST. JOHN, AND LEGISLATIVE ASSEMBLY OF THE VIRGIN ISLANDS

A letter from the Secretary of the Interior, transmitting, pursuant to law, copies of legislation passed by the Municipal Council of St. Thomas and St. John, and by the Legislative Assembly of the Virgin Islands (with accompanying papers); to the Committee on Territories and Insular Affairs.

AMENDMENT OF CLASSIFICATION ACT OF 1923

A letter from the President of the United States Civil Service Commission, transmitting a draft of proposed legislation further to amend the Classification Act of 1923, as amended; to bring about uniformity and coordination in the allocation of field and departmental positions under the grades of the Classification Act of 1923, as amended, and for other purposes (with an accompanying paper); to the Committee on Civil Service.

REPORT OF BOARD OF TRUSTEES OF FEDERAL OLD-AGE AND SURVIVORS INSURANCE TRUST FUND

A letter from the Board of Trustees of the Federal old-age and survivors insurance trust fund, transmitting, pursuant to law, the sixth annual report of that Board of Trustees, for the fiscal year ended June 30, 1945 (with an accompanying report); to the Committee on Finance.

COMPLETION OF PAN-AMERICAN HIGHWAY

The PRESIDENT pro tempore laid before the Senate a letter from the Secretary of State, transmitting translations of certain documents, which were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,

Washington, April 19, 1946.

The Honorable KENNETH MCKELLAR,
President pro tempore,

United States Senate.

MY DEAR SENATOR MCKELLAR: I am transmitting herewith copies of a translation of a

motion passed by the Costa Rican Congress on April 3, 1946, commissioning Señor Rafael Angel Grillo, the President of Congress, to present special greetings to the Senate and House of Representatives of the United States during a visit which he intends shortly to make to this country. Also, I am enclosing copies of a translation of a note dated April 8, 1946, from the Costa Rican Minister of Foreign Affairs to the Ambassador of the United States at San José. These documents are self-explanatory.

Señor Grillo will cease to be a member of the Costa Rican Congress on May 1, 1946, on which date the recently elected members will take office. Señor Grillo did not run for reelection, and it is understood that he intends to return to the practice of medicine. Undoubtedly, he will continue to be an influential figure in Costa Rican politics.

Sincerely yours,

JAMES F. BYRNES.

[Enclosures: 1, Two copies of translation of motion of April 3; 2, Two copies of translation of note dated April 8.]

[Translation]

CONSTITUTIONAL CONGRESS OF THE REPUBLIC OF COSTA RICA

Motion of Congressmen Quirós Troyo, Volio Guardia, Fonseca Chamier, and Muñoz Fonseca, approved by the Constitutional Congress in its session of April 3, 1946:

"That, in view of the coming trip of the President of Congress, Señor Rafael Angel Grillo, to the United States of America, the Chamber entrusts to him the mission of presenting to the Senate and House of Representatives of that great nation a fraternal greeting, and of expressing to them the desire of our congress—which interprets the feelings of the country—that the appropriation of the funds required for finishing the Pan-American highway be approved."

[Translation]

Note of April 8, 1946 from Costa Rican Minister of Foreign Affairs to the Ambassador of the United States at San José:

"For your information and for whatever action Your Excellency cares to take I have the honor to give the literal text of a letter from R. A. Grillo, President of Congress:

"Mr. Minister, the Constitutional Congress has designated me to give, as its representative, a greeting to the Senate and House of Representatives of the United States, and has asked me to express its wish that the bill may be acted favorably upon which destines funds for the termination of the inter-American highway. I would thank you to communicate this designation to the American embassy here and to our embassy in Washington in order that arrangements may be made for the realization of the wishes of Congress. I shall leave for the United States on April 21. Moreover, in addition to the above mission, I plan to deliver personally to the wife of ex-President Roosevelt the parchment on which is written the legislative decree which as a posthumous homage gives Costa Rican honorary citizenship to the illustrious ex-President Franklin D. Roosevelt."

"With sentiments of my highest and most distinguished consideration,

"JULIO ACOSTA."

PETITIONS

Petitions were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

A telegram in the nature of a petition from the faculty of the John Muir Junior High School, of Los Angeles, Calif., signed by Geraldine Schwaderer, chairman, praying for the

continuation of the Office of Price Administration; to the Committee on Banking and Currency.

By Mr. SALTONSTALL (for himself and Mr. WALSH):

Resolutions of the General Court of the Commonwealth of Massachusetts; to the Committee on Finance:

"Resolution memorializing Congress to amend the Federal laws relative to matching by the Federal Government of amounts expended by States and their political subdivisions on account of old-age assistance

"Resolved, That the General Court of Massachusetts hereby urges the Congress of the United States to immediately pass legislation to so amend the Federal old-age assistance law as to permit the matching with Federal funds of all amounts expended by States or their political subdivisions on account of old-age assistance; and be it further

"Resolved, That copies of these resolutions be sent by the State secretary to the President of the United States, the President pro tempore of the Senate, the Speaker of the House of Representatives, and the Members of Congress from Massachusetts."

COMPULSORY FEDERAL HEALTH SERVICE

Mr. CAPPER. Mr. President, I ask unanimous consent to present for appropriate reference and to have printed in the RECORD a letter I have received from William Docking, a prominent businessman of Lawrence, Kans., who opposes compulsory Federal health service and endorses the Blue Cross health system now in operation in his city.

There being no objection, the letter was received, referred to the Committee on Education and Labor, and ordered to be printed in the RECORD, as follows:

THE FIRST NATIONAL BANK,
Lawrence, Kans., April 3, 1946.

HON. ARTHUR CAPPER,
United States Senate,
Washington, D. C.

DEAR SENATOR: We have been reading a good deal about the compulsory Federal health service.

I presume you are familiar with the Blue Cross system for which there are a number of groups formed in Lawrence. We have one in the bank here and the bank pays the fees on the hospital bills for its employees.

This matter will all work itself out privately and at vastly less expense than would be incurred by a Washington bureau and a vast addition to the taxes. A great many of the large concerns for a long time have had the employees protected in this way and this Blue Cross affair is to cover the unprotected in the smaller concerns. Farmers can join by forming groups.

I certainly hope that the Federal scheme will not pass as no one can tell what it will cost, but plenty.

Yours very truly,

WILLIAM DOCKING.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McKELLAR, from the Committee on Appropriations:

H. R. 5890. A bill making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1946, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1946, and for other purposes; with amendments (Rept. No. 1236).

By Mr. BILBO, from the Committee on the District of Columbia:

S. 1955. A bill to authorize the Commissioners of the District of Columbia to provide necessary utilities for veterans' housing furnished and erected by the National Housing Administrator; with amendments (Rept. No. 1237).

By Mr. LA FOLLETTE, from the Committee on Finance:

H. R. 3611. A bill to authorize the condemnation of materials which are intended for use in process or renovated butter and which are unfit for human consumption, and for other purposes; without amendment (Rept. No. 1240).

By Mr. WALSH, from the Committee on Naval Affairs:

H. R. 5641. A bill to authorize the attendance of the Marine Band at the national convention of the United Spanish War Veterans to be held in Milwaukee, Wis., August 4 to 10, inclusive, 1946; without amendment (Rept. No. 1239); and

H. J. Res. 307. Joint resolution to authorize the use of naval vessels to determine the effect of atomic weapons upon such vessels; with amendments (Rept. No. 1238).

By Mr. ELLENDER, from the Committee on Claims:

H. R. 3506. A bill for the relief of Mary A. Wallis; without amendment (Rept. No. 1241);

H. R. 3556. A bill for the relief of Mr. and Mrs. Glen Rothenberger; without amendment (Rept. No. 1242);

H. R. 4141. A bill for the relief of Piombo Bros. & Co.; without amendment (Rept. No. 1243);

H. R. 4237. A bill for the relief of the estate of Vedal B. Brooks, deceased; Mrs. Katherine I. Brooks; and the legal guardian of Sally Brooks, a minor; without amendment (Rept. No. 1244);

H. R. 4244. A bill for the relief of Fundador Nieves del Valle; without amendment (Rept. No. 1245);

H. R. 4670. A bill for the relief of Mrs. Edna B. LaBlanc; without amendment (Rept. No. 1246);

H. R. 4777. A bill for the relief of the Sawtooth Co.; without amendment (Rept. No. 1247);

H. R. 4832. A bill for the relief of Stanley B. Reeves and Mrs. Stanley B. Reeves; without amendment (Rept. No. 1248);

H. R. 4835. A bill for the relief of Ernst V. Brender; without amendment (Rept. No. 1249);

H. R. 4977. A bill for the relief of Mrs. Theresa Ebrecht; without amendment (Rept. No. 1250);

H. R. 5049. A bill for the relief of the estate of Obaldino Francis Dias; without amendment (Rept. No. 1251); and

H. R. 5307. A bill for the relief of Ben V. King; without amendment (Rept. No. 1252).

By Mr. CAPPER, from the Committee on Claims:

H. R. 3373. A bill for the relief of Dr. John A. Logan; without amendment (Rept. No. 1253);

H. R. 3822. A bill for the relief of the estate of Charles M. Overcash, deceased; without amendment (Rept. No. 1254); and

H. R. 4405. A bill for the relief of John Bakelaar; without amendment (Rept. No. 1255).

By Mr. WILSON, from the Committee on Claims:

H. R. 4633. A bill for the relief of John B. Clausen; without amendment (Rept. No. 1256); and

H. R. 4723. A bill for the relief of John M. Shipp; without amendment (Rept. No. 1257).

By Mr. HUFFMAN, from the Committee on Claims:

H. R. 4904. A bill for the relief of Cleo D. Johnson and Mr. and Mrs. Jack B. Cherry; without amendment (Rept. No. 1258).

By Mr. McCARRAN, from the Committee on the Judiciary:

H. R. 4230. A bill to provide necessary officers and employees for circuit courts of appeals and district courts; with amendments (Rept. No. 1259).

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,
The following favorable reports of nominations were submitted:

By Mr. THOMAS of Utah, from the Committee on Military Affairs:

Col. Telford Taylor, Army of the United States, for temporary appointment as brigadier general in the Army of the United States, under the provisions of law;

Col. Conrad Edwin Snow (lieutenant colonel, Signal Corps Reserve), Army of the United States, for temporary appointment as brigadier general in the Army of the United States, under the provisions of law; and

Col. Maurice Hirsch, Army of the United States, for temporary appointment as brigadier general in the Army of the United States, under the provisions of law.

By Mr. THOMAS of Utah, from the Committee on Foreign Relations:

Joseph Flack, of Pennsylvania, now a foreign-service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary to Bolivia;

J. Rives Childs, of Virginia, now a foreign-service officer of class 1, to be Envoy Extraordinary and Minister Plenipotentiary to the Kingdom of Saudi Arabia;

Edwin F. Stanton, of California, now a foreign-service officer of class 1, to be Envoy Extraordinary and Minister Plenipotentiary to Siam;

Lowell C. Pinkerton, of Missouri, now a foreign-service officer of class 1, to be Envoy Extraordinary and Minister Plenipotentiary to Iraq;

Kenneth C. Krentz, of Iowa, now a foreign-service officer of class 4 and a secretary in the diplomatic service, to be also a consul general;

Charles A. Bay, of Minnesota, now a foreign-service officer of class 2 and a secretary in the diplomatic service, to be also a consul general;

H. Merrell Benninghoff, of New York, now a foreign-service officer of class 3 and a secretary in the diplomatic service, to be also a consul general; and

Sundry persons to be foreign-service officers, unclassified, vice consuls of career, and secretaries in the diplomatic service.

By Mr. WALSH, from the Committee on Finance:

Thomas A. Foster, to be a pharmacist in the Regular Corps of the United States Public Health Service.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WALSH:

S. 2103. A bill for the relief of Doris Marie Richard; to the Committee on Claims.

By Mr. BUSHFIELD:

S. 2104. A bill authorizing the issuance of a patent in fee to Edith Olson; to the Committee on Indian Affairs.

By Mr. McCARRAN:

S. 2105. A bill to provide for the incorporation, regulation, merger, consolidation, and dissolution of certain business corporations in the District of Columbia; to the Committee on the Judiciary.

By Mr. McFARLAND (for himself and Mr. JOHNSON of Colorado):

S. 2106. A bill to amend certain provisions of the National Service Life Insurance Act

of 1940, as amended; to the Committee on Finance.

By Mr. ELLENDER (by request):

S. 2107. A bill for the relief of certain postal employees; and

S. 2108. A bill to provide for the payment of members of the military and naval forces of the United States who enter or reenter civilian employment of the United States, its territories or possessions, or of the District of Columbia while in military pay status prior to assignment to active duty; to the Committee on Claims.

(Mr. FERGUSON introduced Senate bill 2109, to exempt certain vessels from filing passenger lists, which was referred to the Committee on Commerce, and appears under a separate heading.)

By Mr. TYDINGS:

S. J. Res. 155. Joint resolution proposing an amendment to the Constitution of the United States relating to fiscal matters; to the Committee on Appropriations.

EXEMPTION OF CERTAIN VESSELS FROM FILING PASSENGER LISTS

Mr. FERGUSON. Mr. President, I ask unanimous consent to introduce for reference to the Committee on Commerce a bill to exempt certain vessels from filing passenger lists. On March 21, legislative day of March 5, of this year, I introduced a bill numbered S. 1976. The bill I introduce today is to take the place of and be a substitute for S. 1976. I think the terms of the bill are more satisfactory than the one previously introduced.

There being no objection, the bill (S. 2109) to exempt certain vessels from filing passenger lists, was received, read twice by its title, and referred to the Committee on Commerce.

EXTENSION OF SELECTIVE TRAINING AND SERVICE ACT—AMENDMENT

Mr. BUTLER submitted an amendment intended to be proposed by him to the bill (S. 2057) to extend the Selective Training and Service Act of 1940, as amended, until May 15, 1947, and for other purposes, which was ordered to lie on the table and to be printed.

SPECIAL ASSISTANT TO COMMITTEE ON BANKING AND CURRENCY

Mr. WAGNER submitted the following resolution (S. Res. 264), which was referred to the Committee To Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Banking and Currency hereby is authorized to employ a special assistant to be paid from the contingent fund of the Senate at the rate of \$6,000 per annum from April 1 to October 31, 1946.

JACKSON DAY ADDRESS BY SENATOR TUNNELL AT BIRMINGHAM, ALA.

[Mr. HILL asked and obtained leave to have printed in the RECORD an address delivered by Senator TUNNELL at a Jackson Day dinner at Birmingham, Ala., on April 12, 1946, which appears in the Appendix.]

HOUSING FOR VETERANS—EDITORIAL BY SENATOR LA FOLLETTE

[Mr. LA FOLLETTE asked and obtained leave to have printed in the RECORD an editorial entitled "Action on America's No. 1 Need," written by him, and published in the Progressive for April 22, 1946, which appears in the Appendix.]

THE SENSIBLE APPROACH TO PRICE CONTROL—ADDRESS BY REPRESENTATIVE WOLCOTT

[Mr. WHERRY asked and obtained leave to have printed in the RECORD a radio address on the subject The Sensible Approach to Price Control, delivered by Representative Jesse P. Wolcott, of Michigan, on April 19, 1946, which appears in the Appendix.]

FASCISM IN ARGENTINA AND SPAIN—ADDRESS BY HENRY MORGENTHAU, JR.

[Mr. PEPPER asked and obtained leave to have printed in the RECORD an address entitled "Fascism in Argentina and Spain," by Henry Morgenthau, Jr., delivered by former Secretary of the Treasury, on April 17, 1946, which appears in the Appendix.]

THE INTERNATIONAL LABOR ORGANIZATION—ADDRESS BY CARTER GOODRICH

[Mr. THOMAS of Utah asked and obtained leave to have printed in the RECORD an address entitled "The International Labor Organization: A Going Concern," delivered by Prof. Carter Goodrich, of Columbia University, at the American Academy of Political and Social Science, Philadelphia, Pa., on April 5, 1946, which appears in the Appendix.]

CONGRESSIONAL REORGANIZATION—EDITORIAL FROM THE WASHINGTON POST

[Mr. THOMAS of Utah asked and obtained leave to have printed in the RECORD an editorial entitled "La Follette Resolution," published in the Washington Post of April 21, 1946, which appears in the Appendix.]

SVEINBJORN JOHNSON—TRIBUTE BY HON. J. F. T. O'CONNOR

[Mr. LANGER asked and obtained leave to have printed in the RECORD a tribute to the memory of Judge Sveinbjorn Johnson, by Hon. J. F. T. O'Connor, United States district judge, which appears in the Appendix.]

PRODUCTION OF WHEAT IN CONNECTION WITH WORLD FOOD PROGRAM—ADDRESS BY GORDON ROTH

[Mr. LANGER asked and obtained leave to have printed in the RECORD a radio address on the subject of wheat production in connection with the world's food program, by Gordon Roth, director of public relations, Farmers Union Grain Terminal Association, which appears in the Appendix.]

OPPOSITION BY UNITED FEDERAL WORKERS OF AMERICA TO AMERICAN FOREIGN POLICY—EDITORIAL FROM WASHINGTON STAR

[Mr. RUSSELL asked and obtained leave to have printed in the RECORD an editorial entitled "Federal Party Line," published in the Washington Evening Star of April 24, 1946, which appears in the Appendix.]

PRIORITIES TO VETERANS AND SCHOOLS IN PURCHASE OF SURPLUS ELECTRONICS EQUIPMENT

[Mr. WILEY asked and obtained leave to have printed in the RECORD correspondence relating to veterans and school priorities in the purchase of electronics equipment, between Dr. Carl T. Compton, president of the Massachusetts Institute of Technology, and W. Stuart Symington, former Surplus Property Administrator, which appears in the Appendix.]

ST. LAWRENCE WATERWAY DEVELOPMENT—ARTICLE FROM NEW YORK HERALD TRIBUNE

[Mr. AIKEN asked and obtained leave to have printed in the RECORD an article entitled "St. Lawrence Power Demand Seen as Heavy," published in the New York Herald Tribune of April 20, 1946, which appears in the Appendix.]

THE SUPREME ISSUE IN SPAIN—EDITORIAL BY WILLIAM HENRY CHAMBERLIN

[Mr. BUSHFIELD asked and obtained leave to have printed in the RECORD an editorial entitled "The Supreme Issue in Spain," written by William Henry Chamberlin, and published in the New York Journal-American of April 20, 1946, which appears in the Appendix.]

BRITISH ACTION WITH REGARD TO TRANS-JORDAN—LETTER FROM FORMER SENATOR GILLETTE

[Mr. MYERS asked and obtained leave to have printed in the RECORD a letter from former Senator Guy M. Gillette, president, American League for a Free Palestine, Inc., addressed to the editor of the Washington Evening Star, relative to British action with regard to Trans-Jordan, which appears in the Appendix.]

UNITED STATES SHOULD BE WORLD'S BANKER—ARTICLE BY RALPH W. PAGE

[Mr. MYERS asked and obtained leave to have printed in the RECORD an article entitled "United States Should Be World's Banker," written by Ralph W. Page and published in the Philadelphia Evening Bulletin of March 27, 1946, which appears in the Appendix.]

TRIBUTE TO CHIEF JUSTICE STONE BY H. G. CARLISLE

[Mr. BILBO asked and obtained leave to have printed in the RECORD a tribute to Chief Justice Stone by Horace C. Carlisle, which appears in the Appendix.]

RETROACTIVE PAY TO DISCHARGED VETERANS—LETTER FROM THE CIVIL SERVICE COMMISSION

[Mr. MITCHELL asked and obtained leave to have printed in the RECORD a letter from the United States Civil Service Commission referring to the Veterans Preference Act of 1944, which appears in the Appendix.]

PSYCHOLOGICAL WARFARE AGAINST JAPAN

Mr. THOMAS of Utah. Mr. President, at the end of these remarks I am going to ask that the messages peppered at the Japanese people time and time again during the last week of August and the month of September 1945 be incorporated in the RECORD as part of my remarks and that they be dated.

Mr. President, these messages to the Japanese people have been sent continuously through the agency of the OWI since December 1941. Throughout all of the messages during all those years there has been one basic theme, and that has been that the leadership of the Government of Japan which led Japan into war was leading Japan to utter destruction, that the leadership was apostate, and that at no time was it consistent with the best ideals of the people of Japan and her proper leaders since the restoration of the Emperorship and the birth of new Japan under her constitution. I had full faith that once the Japanese people realized the actual position of their Government in the war, they would repudiate their leaders, and thus aid us in the prosecution of the war. That being the theme, the main objective was to bring about the surrender of Japan in such a way that the Government and all the military and naval forces could surrender as a unit. I had the theory that if that were not done, the scattered

military forces might develop a martyr complex and turn guerrilla, thus spreading disorder and chaos over a great part of Asia and multiplying the problems of our Army and Navy which might be in control anywhere. I was always conscious of the fact that there were literally millions of armed men who had not taken part in any battle, not only in Japan, but throughout China, Korea, and other occupied places. To convince an organized army that it was defeated before it even fired a shot was a great problem. It was one of the problems of psychological warfare.

The whole story of our efforts in psychological warfare will never be told. Not even is the story of these messages to Japan complete, but I have from time to time put various messages in the RECORD on the theory that some student in the future may be interested in what was done.

It is now understood by all that there was good thinking in regard to both the war and how to bring it to a successful end in the eastern sphere, and that there has also been good thinking in regard to the peace.

Mr. President, on page A2199 of the Appendix of the RECORD appears the extension of the remarks of Hon. KARL A. STEFAN, of Nebraska, in the House of Representatives, under the caption "Wartime contributions of Members of Congress to psychological warfare."

Mr. STEFAN was most kind to me by giving me the Abou Ben Adhem position in that imposing list, and the Assistant Secretary of State, Mr. Benton, who furnished the names, and also much of the information, also was kind. I wish to take occasion at this point to observe that Mr. STEFAN touched too lightly upon his own outstanding work, and I hope that in making the following observations I may compete with his objective, for he looked at our work objectively and reviewed it in the light of one of the 10 most important scientific developments of 1945, and he stressed the very substantial contribution of those who, psychologically, fought the good fight to victory. When one considers that 111 Members of Congress met the enemy head on in this way, and reads the paragraph said about each he begins to comprehend the value of dispatching the truth around the world when the whole world is crying for truth and honest dealing, a world which will actually interrupt itself while fighting to listen to the truth from the lips of an enemy. Mr. President, is that condition any different today than it was yesterday? Can we afford to put away psychological warfare, which after all is still warfare today, for psychological warfare is not warfare against men, women, and children but against unwholesome leadership and unsurvivable ideals? Is it not true that in the world there still are potential dangers?

To put it another way, if as has been suggested, we succeeded in sending messages to a people, or several peoples, who were busily fighting against us in combat to the death, and if we, an enemy, could by our integrity influence their thinking and reorganize their conception of world

citizenship, is it not only possible, but sure, that a peaceful nation, might not during these difficult reconstruction hours, comfort a fallen foe, strengthen an ally, make friends with all, and by the same good example which we espoused during the war, discover for ourselves that a generous heart, noble impulse, and Christian dealing are, besides being soul satisfying, a sound investment in human relations? If we can address enemies, can we not address our friends?

Spread over the front pages of a recent newspaper was a concerted drive for America to rise to the help of her stricken neighbors. There were stories about diverting food from England and pledging the United Kingdom that she may have this substance back when fresh supplies are available, about the President's desire to have a 2 days a week on the competitive—if one may call European diet competition—fare, about Mr. Hoover's return, and his speech, and a host of other details concerned with the international food situation.

We have made or are about to make war on the world food famine.

We hear much about whether Mr. Gromyko walked out or stayed in today. If there is any comedy from me in this, none is intended, and my words are to be taken literally and only literally. I personally doubt that radio comedians should so joke, but the fact is they do, and the newspapers give opinions sometimes in the same vein. Therefore I am only reporting, not applauding, the fact that we hear much about whether Mr. Gromyko walked out or stayed in today. We know from this that there will be something from the Council, perhaps something from the State Department; there may be a crisis; there comes peace at the council table, and it is all over. Our public gets a few jerky samples of miscellaneous and unrelated conversations; some of the foreign publics, perhaps, get nothing at all.

We have made or are about to make war on international disagreements.

So runs the world, and it now is a world, I assure you, Mr. President, so united, so compact, so accessible that in this country of ours there today is scarcely a village a number of whose inhabitants cannot boast more travel, and in many cases more knowledge, and perhaps come up with better international opinions than the wealthiest traveling class of two generations back. The networks are open. We may use them as we will; today we are in communication with all parts of the world, and if the other parts are not getting our ideas without distortion, in the same honest way that we are thinking and preaching them, it is our own fault.

It is nonsense to say perhaps, as a counterargument, that in at least one country conversation is not free, and our attempts to influence their people may be resented. It is nonsense, but if it were true it could scarcely be resented, for any fourth-grade history teacher goes forth to school with her career in her hands every day, because, in touching on history, she must be careful not to help form plastic minds while in the

process of informing them, and some ideologies are so alien to our own that they may not be aired, even be talked about lest the conversation be misinterpreted for praise. We go pretty far to insult our friends. We do so on a lavish scale when possible, as we Americans always do everything on a lavish scale. There are those, however, who even as die-hards, are realistic enough to know that we are about to live alongside a great power, a terrifically great power, of whom we are jealous, and who is jealous of us.

So we have made or are about to make war on the undiplomatic situation.

At every hand we are about to make war on something evil. It is an endless war. It is one which never will be wholly won, else we should achieve Utopia. We have demobilized our armed forces, left our guns to rust, and we have left remaining only a reliance on our wits and our consciences to pull us through these battles against the evil forces of the world, part of which are contained in our own borders, part in friendly nations, none in unfriendly nations, for, at the moment, no nations are unfriendly.

We have left only to rely on wit and integrity. Bless us, we have a heart of gold, so that leaves us only our wit upon which to rely to crush our intangible foes.

We are reduced to a war in which there is nothing left to do which is not psychological, but we are in the dilemma of being at the front without our guns, for we have disbanded our psychological forces.

Where are our brains of yesteryear? We have heard from Mr. STEFAN and the State Department of the 111 efficacious psychological warriors in Congress; and while I have heard a very gifted Navy captain lauded for his fine work in rather widespread compliment, I do not believe that I have heard the name of Elmer Davis mentioned for his most remarkable performance in psychological warfare.

I do not want to embarrass anyone, either the donor or the donee, but in these days of medals and ribbons, some of which you who are present have been awarded for distinguished war work, I can think of no fitter compliment to unremitting duty than to cite Elmer Davis for his outstanding work in psychological warfare. And I will say, parenthetically, that I have suggested that he be given one.

I would not dare to do this, but a general is permitted to say that he has recommended a medal for a soldier, whether it later is awarded or not, and this recommendation is placed in his official file, and at least counts forever as a recommendation well made. Sometimes, long after, the original recommendation is acted upon favorably, for time does many things.

I am not like a general in any sense, nor is Mr. Davis like a soldier—the situation may be said to be quite the reverse—but I like to think that I may openly make a recommendation, which, if I did not make, someone else would, for in the rush and roar of things, good men may be overlooked for a moment,

but in time great deeds shine out in unmistakable glory.

I not only would like to reward Elmer Davis, but in common with the others who are credited with having made psychological warfare achieve public recognition as one of the leading weapons of all time, perhaps to become, if there is another sorry mess, the most important and even, possibly, the sole weapon, I should like to see experience definitely not thrown away, but harnessed for service during peacetimes, at war with all those things which still make foreign countries foreign, until there are no foreigners, and until there is no place for such a word in the dictionary.

Mr. President, I ask unanimous consent that the messages to which I have referred for the last week of August and for the month of September, last year, be printed in the RECORD at this point as a part of my remarks.

There being no objection, the messages were ordered to be printed in the RECORD, as follows:

Who are these Japanese liberals?

Day after day news from Tokyo tells how moderates and democrats and pacifists are coming forward with regeneration plans. Each day the Tokyo news reports their opposition to the war lords and their determination that Japan shall join the ranks of freedom-loving peoples.

This would be reassuring if it could be credited, but certain questions yet remain unanswered.

Where were these so-called liberals while the war was on?

What were they doing when the war lords plunged Japan into a shameful course of perfidy and treachery? How earnestly did they try to save Japan from shame and loss of honor? And, above all else, just how do they explain their support of Japan's war effort?

Many eminent Japanese might easily be cited men prominent in politics and literature, in education and in art, yes, even in religion, have burst into the news with interviews that show them as devoted to the cause of liberty. Their present comment often varies widely from their words and actions in the past. Few of them are willing to assume responsibility for Japan's aggression, much less for the horrible atrocities committed by Japan. Army men like Prince Naruhiko Higashi-Kuni, cousin of the Emperor and now Premier, insist that never have they favored war. Diplomats like Saburo Kurusu, envoy to Washington on Pearl Harbor Day, profess their innocence of all duplicity. Statesmen of all ranks from Diet members up to cabinet officials cover up their records.

Why is this? Do they think American memories so short that they can safely cast aside the past and be judged solely by their empty promises today? Do they believe that the United States and all the freedom-loving peoples will be lulled by sweet professions of reform?

Too many Japanese have been misled by promises. Too often in the past a vocal announcement of intention, loudly made, has been regarded as a statement of a deed performed. Perhaps it has been deemed impolite to demand explicit evidence that a promise has indeed been transformed into fact.

The western world is realistic, not romantic. It asks for proofs and not for promises.

It calls for deeds, not words.

No doubt some of these converts to democracy are activated by sincerity, but some of them are moved by the desire to save themselves from difficulties. In the United States there is a slang expression about "jumping

on the band wagon," which means to join belatedly the winning side in a dispute; some pseudo liberals may have been convinced that selfish profit lies in such a course.

Deeper thinkers may perhaps believe that by saddling the discredited military clique with all responsibility for Japan's past sins it may be possible to sacrifice the army leaders and so pretend to meet the terms of the surrender; in some cases those Japanese who denounce the military caste hope that they may be themselves accepted as leaders in Japan.

Still others may believe that military leaders who proved inept in war, may now be sacrificed without real loss to Japan's position in the world. Thus, by punishing the war lords, a favorable interpretation can be given to Japan's defeat, and the legend may be started that it was inefficiency of a few men and not the failure of the soldiery that caused Japan to lose. In this way the ground may be cleared for a revival of Japan's ambitions.

Whatever the motives which impel false protestations of reform, the United Nations must not fall into the trap of taking all of them at their face value. In every case when Japanese declare their adherence to democracy and liberalism, specific proof should be demanded of the speaker's reliability. Each candidate for Allied favor as a friend of freedom must be asked to show his record of opposition to the war, of his antimilitaristic work before the war, and of his current efforts to punish those who disgraced Japan by war guilt and by atrocities.

(September 6, 1945)

Japan's national honor stands indicted before the world because of the disclosure of how helpless war captives were abused and murdered in Japanese prison camps. Civilized people have heard with deepest horror how the Japanese Army deliberately visited brutality and death upon their unfortunate prisoners.

This was done in direct violation of Japan's undertaking to observe the terms of the Geneva Convention, and of the Government's solemn pledge to respect the provisions of the Hague Convention of 1907, which had been ratified in the imperial name by the Japanese Government.

Definite proof exists that various Japanese military leaders actually ordered crimes committed. The evidence indicts members of the Japanese Army of all ranks from the lowest private soldier to the officers in charge.

No defeat in battle has so soiled the honor of the Japanese Army as has the public knowledge of war atrocities.

One instance alone, chosen from scores of other incidents, would in itself be enough to brand Japan's military clique as too barbarous for equal association in a modern world community. That is the recital of the horrible fate of 150 war prisoners on Palawan in the Philippines who, after having been forced into an air-raid shelter tunnel, were drenched with buckets of gasoline and then burned alive.

A handful of survivors, wrapped in flames and screaming in agony, swarmed from the shelter only to be sprayed by machine gun bullets and attacked by bayonets. A few escaped temporarily by throwing themselves off a 50-foot cliff to the beach below, only to be fired upon again, recaptured, and eventually buried alive.

Japan cannot dissociate herself from this horrible and unforgivable record. Maltreatment, torture, and murder of captured soldiers breaks all the proper rules of civilized warfare. Killing interned civilians, as Japanese have done, is not legitimate fighting. News that prisoners have been so starved that they grubbed in desperation for edible roots or consumed cats and dogs and rats

shocks even a world that is hardened to wartime deprivations. The brutal infliction of corporal punishment, not merely for minor offenses, but wantonly and for the gratification of sheer sadism has disgraced the name of Japan.

The evil of the Japanese officials and of the men, not only those who issued but those who carried out such orders, is condemned by the United States Government and by the entire civilized world. The United States Government demands that all those who directed or participated in such crimes shall be speedily brought to the punishment they deserve.

It is not enough to explain that these misdeeds were done by irresponsible subordinates. The American Secretary of State, in a report to the world, sets forth with remarkable calmness and restraint the fact that torture and death were policies officially established by the Japanese military authorities.

Indeed, it is evident that inhumanity and cruelty are inherent in the militarist system which has so long disgraced Japan. Unfortunately the commission of shocking atrocities is by no means new; as far back as foreigners recall, Japanese warlords mutilated and murdered many of the captives so unlucky as to fall into their hands. Nations which cherish high ideals of chivalry and justice have repeatedly protested but without avail. The militarist clique was as deaf to these complaints as they have been to the 240 formal protests filed since Pearl Harbor by the United States.

Japan's surrender on a basis of the Potsdam Proclamation commits the nation to the elimination of Japan's war-making power and to the ending of control by the self-willed military advisers who brought the nation to the threshold of annihilation. The arrest and bringing to justice of those responsible for known violations of the rules of civilized warfare is an essential step toward convincing the world that Japan has chosen the path of reason in her relationship with the civilized peoples who make up the world community of nations.

(September 13, 1945)

Not one prominent Japanese has voiced his horror or even his regret, as far as the world is aware, at the unforgivable atrocities committed against war prisoners by Japanese troops.

Nothing has been done by Japan to punish the soldiers who, by their uncivilized conduct, disgraced the country's reputation.

Both the Australian and the American Governments assert in formal statements that these atrocities could not have been committed except under the encouragement and supervision of superior officers of the highest grade.

The sadistic cruelties inflicted upon helpless men by Japanese troops in the field are unmatched in modern times by any other soldiers except the vicious, brutal Nazis. No other armies ever so merited the world's contempt by their behavior.

Warfare in the past has been carried on by honorable men acting sternly but chivalrously toward one another, but the Japanese Army clique, like the Nazi gang, behaved without principles and without a code of honor.

As long as Japan fails to realize the enormity of the misconduct of her troops, the civilized world can put no faith in her protestations of reform. While Japan fails to take energetic measures to round up and to punish her criminals, the freedom-loving peoples cannot trust her. The United Nations are resolved to track down and to place on trial every Japanese who may be indicted by them for the commission of war crimes but the intention of the United Nations to do this does not absolve the Japanese from re-

sponsibility in the matter. For the sake of Japan's good name among the nations of the world, it is incumbent upon the people of Japan to clear their reputation.

The world should not soon forget the horrible details listed in the report issued this week by Sir William Webster in the name of the Australian Government nor those in Secretary of State Byrnes' statement on the same subject to the American people.

Only barbarians burn wounded men alive, as Japanese soldiers burned helpless captives. Only savages bayonet women. Only the lowest brutes practice cannibalism on their foes as did the Japanese soldiers in New Guinea.

These were not lawful war measures. They were neither measures of defense nor acts of necessity. The prisoners were helpless and at the mercy of their captors. They had been disarmed and most of them had been trussed hand and foot before they were bayoneted and burned. Certainly, the women were not warriors; all those mentioned in the Webster report were missionaries, which means that they had dedicated their lives to the promotion of culture and high idealism. Yet Japanese soldiers slashed them to death by bayonetting.

Not a single influential voice has yet been heard from Japan in condemnation of these crimes. No Japanese has protested at the stain upon the honor of the country.

This is almost unthinkable. Japanese tradition calls for a keen appreciation of national shortcomings and for a jealous regard of national ideals. It is incredible that Japanese who have their country's welfare at heart have not clamored for an eradication of the forces of evil.

Since surrender, when Japan professed a resolve to mend her ways, leading Japanese publicists have voiced objection to the superficiality of Japan's culture. They have complained that in part educational methods have been faulty. They have regretted that Japan failed in her duty. There is criticism also of some Japanese leaders, such as Hideki Tojo, because they failed to carry out their purposes. Japanese have also called attention to the inefficiency of war preparations and to the inability to win the war.

Not a word about atrocities.

Japan's so-called humanitarians talk vaguely about reformation and about the change in public spirit since the war but until some definite action shall be taken to carry these protestations into effect, their words are empty promises. It is not enough to mouth great hopes nor to declare that times have changed; actual proof is certainly essential if Japan is to regain her honor as a nation.

Does Japan approve of the atrocities committed in her name? Does she endorse the action of her high officials who not only permitted such barbarities but even ordered them to be inflicted upon helpless captives and upon defenseless women? Does she desire the world to regard her as a nation without chivalry or honor?

The answer lies within Japan. Specific action only can reestablish the Japanese among the civilized peoples of the earth.

(September 20, 1945)

On Sunday, Japan observes the autumnal Feast of the Dead.

It is a solemn occasion for remembrance of those who have passed on and for rededication of the living to the ideals for which the heroes of the past have stood. Upon this day, many earnest Japanese take the opportunity to report to their ancestors upon the progress which the living Japanese have made in furthering the teachings of the ancient days.

What have they to say?

That Japan has lost a war? Such news would no doubt pain all Japanese but to lose a war may sometimes benefit a people; the national unity and the firm devotion

forged by the fires of conflict may even make a nation stronger and more devoted to high principles.

Japan's military leaders who have lost this war have no such solace. If they make report to their ancestors they must say, if they are honest, that they fought this war in violation of what all the world regards as honorable principles. They must say that they shamed the people of Japan before the world by the savagery and criminality of their methods; that they disgraced Japan as no one in modern times has ever before disgraced the honor of the Japanese, and that they showed themselves unworthy to be classed as civilized.

On this autumnal feast of the dead, the military despots who seized power in Japan must confess, if they tell the truth, that they willfully deceived their fellow Japanese and that they sacrificed the lives of fighting men in the vain attempt to hide their misdeeds and their inefficiencies from common knowledge. Those who now reread the vaunting communiques in which army leaders and navy men reported nonexistent victories and in which they glossed the facts about reverses cannot but observe the cynical ways in which the military caste claimed credit for successes they had not won.

To lose a war is understandable. A general may be outmaneuvered as Japan's generals were outwitted, or an admiral may be beaten in battle, as were the naval leaders of Japan. But those admirals and generals were not merely inefficient; many of them, if not actually guilty of conniving at atrocities, allowed their men to rape and loot and murder. These items are surely not pleasant to report to the spirits of the past.

Perhaps the war criminals will not have the courage to confess their guilt, but if they lack that courage, they will evidence their faithlessness anew.

No doubt there will be some among the military clique who will carry their deceit a little further on this important Japanese anniversary by foisting on the spirits of the dead the same false words that some of them are speaking now to occupation officers and interviewers. "It was not we who wished this war," these contemptible people hurriedly assert. "We loved peace and hated fighting."

How many of them speak such words to save their skins? The inner motives of such men are always hard to fathom but surely many of them cowardly betray their former principles in order now to seem to be aligned upon the safer side. By saddling all responsibility upon their former friends they think that they themselves may escape responsibility for misdeeds. Some, perhaps, are gambling with the hope that by this adroit lying they may preserve the framework of the militarist system and so restore the evil ways which led Japan into disaster. And others may be trying to gloss over an ugly record and to conceal the depth of their own guilt.

What sad disgraces such men are upon the record of Japan. What a pity that the nation fell under the usurpation of liars and cowards.

This is the day upon which Japan pays tribute to the dead. How many hundred thousand Japanese fell uselessly in battle to defend the safety of men who had no higher standards of honor? How many households in Japan today mourn the death of men who were sacrificed to the greed and selfishness of a military oligarchy?

But a new era may be about to dawn, an era in which the lying military clique will be dethroned from power and in which the people of Japan may win the right to rule themselves. Such is the pledge of those who signed surrender terms aboard the American battleship *Missouri* in Tokyo Bay. It now remains for Japan to show the world by deed and action that it has forever

spurned the military oligarchy and that it is worthy of reception among free people.

(September 14, 1945)

No one who knows Japan can wax excited over press reports that Japan is setting up new political parties to prove how democratic she has suddenly become.

Let's keep our heads.

Democracy does not grow as fast as that. It is the product of long and often painful experience. The United States had a deep background of free institutions upon which to build, but more than half a century elapsed between 1776, the year of American independence, and the full attainment of manhood suffrage under President Andrew Jackson. Britain had an even longer period of preparation for free government but failed to achieve it until 1832, after more than a century and a half of struggle. China, Russia, France, and all the other countries labored over many years to perfect their forms of government.

Japan cannot develop democracy overnight.

A nation that was run for generations, if not for centuries, by military autocrats cannot shift its nature by decree. Citizens who supported totalitarian tyranny cannot at the behest of a single radio broadcast become devoted to freedom. More than vague promises of reform are necessary; Japan must prove by deed and action her right to membership among free peoples.

Quite naturally, Japan will seek to convince the world that she has embraced the doctrines required of her by the Potsdam proclamation and by the terms of surrender. This has always been the national policy. Because Japan knew that the world disapproved of military aggression, her propagandists have carefully explained government changes as the death of military rule and the birth of liberalism. New premiers have been hailed by those same propagandists as moderates or as friends of democracy.

The same line is being followed now.

It is only to be expected that many an industrialist, or statesman, or intellectual who quietly accepted army rule in the past—if he did not profit by it—will now step forward as a staunch advocate of freedom. Some may concoct tales of how they suffered martyrdom for their alleged democratic principles. It may even be possible that Japan's militarists may support such fanciful stories for their own purposes.

In the United States, such counterfeit claims are described as "phony," a slang term implying false or misleading.

It could be part of militaristic propaganda to put forward fake reformers, particularly in the humanitarian field, in order to deceive the democratic peoples. The sooner the occupying powers are convinced that Japan has chosen a free government by the untrammelled choice of its voters, the sooner foreign troops will be withdrawn from Japanese soil. Thus, the sinister forces of evil may be able to reestablish themselves in control and thus the beneficial effects of the Allied victory may be circumvented.

If they succeed, Japan will have won the war.

The essential need is to analyze the protestations of contemporary Japanese leaders and to study the background from which they have sprung. Militarism has invariably produced a type of individual who worships force and violence and class discrimination. Autocracy has always crushed the independence of the common man and has glorified tyranny.

This is not the soil in which freedom flowers.

As long as that background remains, potential danger lurks in the Japanese area. It is not enough to abolish a general staff or to demobilize an army; it is insufficient to

forbid the manufacture of war equipment. As long as the basic system remains in which autocracy and militarism are recognized as the mainsprings of national character, the evil forces of reaction may be able to maneuver the people back into political servitude. Men who approved the wicked policies of those who misled Japan into her present plight and those who kept silent while injustice was being perpetrated cannot now be trusted to usher in a period of reformation.

A study of the past records of those who now seek to lead Japan may spare Japan from future error. A survey of past actions may determine who is qualified to guide Japan toward democratic ways. But, above all, we must watch carefully what is done by those who talk so glibly about their sudden conversion.

By their deeds, it has been said, ye shall know them.

(September 27, 1945)

Five years ago today, amid much pomp and ceremony, Japan signed a tripartite alliance with German Nazis and Italian Fascists. The announced intention was to introduce a new order into Europe and east Asia and to guarantee world peace; the actual intention was to spread tyranny and to overawe the world by threat of force.

That tripartite alliance lies prostrate among the ruins of its hopes. The Nazis and the Fascists are now gone, their leaders dead or in disgrace. The military rulers of Japan, exposed in all their efficiency and selfish greed, are toppled from control; those guilty of war crimes, indeed, await trial for their misdeeds. Allied military forces which wiped out the sea and air strength of the tripartite Axis and which held an unbroken series of victories over the land forces of Japan now garrison such portions of the Axis as they choose to occupy.

Yesterday, Hirohito, Emperor of Japan, paid a formal call upon the supreme commander of the Allied occupation. For the first time he met the officer to whose authority the Emperor is now subject and whose instructions he must fulfill.

Why has so great a change occurred?

The answer lies deeper than the obvious fact that Allied spirit and determination prevailed over the best opposition that Japan could offer. Military might crushed down Japan, as it had crushed down Germany and Italy, but beyond the strength of Allied armies, navies, and air fleets was the power of democracy and freedom. Autocratic nations such as Nazi Germany and Fascist Italy do not draw upon the great reservoirs of liberty and justice for their inspiration; like the military masters of Japan, they forced their helpless people to submission. Democracies are strong because the citizens not only share the burdens of government but help determine what the national policies shall be; the people guide and counsel their leaders instead of being forced into submission.

Japan has suffered grievously because within the 5 years of her tripartite Axis she followed evil ways. The militarists who had long misled the Empire betrayed the nation's best interests and brought the country to destruction. The consequences of those errors and the inevitable distress they caused to all the people of Japan cannot be quickly remedied.

By the surrender, however, and by the obligation of the Emperor and the Japanese Government to carry out the policies established by the occupation for the future conduct of Japan, a new era is in prospect.

Japan is being rapidly disarmed; her complete demilitarization is inevitable. With the arrest of ultra-nationalist and militarist leaders in every field of activity the land is being cleansed of those who have led it to disaster. Japan's punishment of war criminals,

the repeal of discriminatory laws and the reform of legal, police, and penal systems will go far to convince the world that Japan is on the way to readmission to the society of civilized peoples.

All this can be, and, in the absence of Japanese cooperation, will be, performed by occupation officials acting independently of the Japanese Government but the United Nations hope that unilateral action will not be necessary. Japan, itself, may, if it so desires, play a major role in reformation.

Changes, for instance, in the form of Government initiated by the Japanese people or by their Government in the direction of modifying its feudal and authoritarian tendencies will be permitted and favored by the occupation. In the event that the effectuation of such changes involves the use of force by the Japanese people or by the Government against persons who may oppose such changes the Supreme Commander is under instructions not to intervene unless the security of his forces is involved or unless the objective of the occupation is imperiled.

Thus far, however, the statements of influential Japanese show little factual evidence that they realize the inevitability of reformation. Statesmen whose interviews have been published or who have broadcast their views over the Japanese radio have been more concerned with exculpating themselves from responsibility or with pleading for magnanimity than with constructive efforts for the future welfare of their nation. Most of them have promised lavishly; few have, as yet, performed. The world at large has no real interest in words; it looks for action from the leaders of Japan.

The immediate arrest by Japan and subsequent punishment of war criminals and of those who committed atrocities against helpless prisoners would go far to convince the democratic world that Japan means what she says when she talks about her desire to be readmitted to the fellowship of world society.

PROPOSED LOAN TO GREAT BRITAIN

The Senate resumed consideration of the joint resolution (S. J. Res. 138) to implement further the purposes of the Bretton Woods Agreements Act by authorizing the Secretary of the Treasury to carry out an agreement with the United Kingdom, and for other purposes.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART] striking out on page 3, line 7, "\$3,750,000,000" and inserting in lieu thereof "\$1,500,000,000." Upon the amendment the yeas and nays have been ordered.

Mr. TAFT obtained the floor.

Mr. BARKLEY. Mr. President—

Mr. TAFT. I yield to the Senator from Kentucky.

Mr. BARKLEY. I think that this would be an appropriate time for me to carry out a request made of me yesterday by the Senator from Indiana [Mr. CAPEHART], who advised me that he would not be able to be present today. He wishes to withdraw the amendment which he offered to the committee amendment, because what he really wants to do and intends to do is to offer to the joint resolution a new section which would touch the provisions of section 1, and his amendment to the committee amendment does not do what he really intended to try to do. So, at his request and speaking for him and with his authority, I withdraw for him the

amendment which he offered to the committee amendment.

By the way, Mr. President, I am reminded that the yeas and nays have been ordered on the amendment of the Senator from Indiana to the committee amendment, and first I must ask unanimous consent that the order for the yeas and nays be vacated.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the order is vacated.

Mr. BARKLEY. It seems to me, Mr. President, in view of this action that it might be in the interest of orderly procedure to have the committee amendment agreed to. I do not imagine there will be amendments offered to it, because any changes any Senator may wish to try to bring about in regard to the joint resolution and the agreement itself would have to be offered to some other section, either to section 1 or as a new section, as the Senator from Indiana intends to do.

Mr. TAFT. Mr. President, I have always felt that this was purely a formal correction, and that any substantive change in the amount or otherwise should be made by amendment to section 1 or by an additional section. So, I certainly have no objection to the adoption of the committee amendment.

The PRESIDENT pro tempore. The question is on agreeing to the committee amendment.

Mr. WHERRY. Mr. President, reserving the right to object, I should like to propound the same question that I propounded on a previous occasion. If we adopt the committee amendment, and then if section 1 is amended by reducing the amount, we will have to ask unanimous consent, will we not, or move to reconsider the action taken in agreeing to the committee amendment in order that the amount in the committee may be reduced to a comparable sum?

Mr. BARKLEY. That would be true. If the Senator will permit me, I will say frankly that if the Senate should adopt an amendment to the agreement changing the amount, of course the committee amendment dealing with the method by which it would be raised should be changed accordingly, and there would be no objection to that.

Mr. SALTONSTALL. Mr. President, reserving the right to object, I should like to ask the distinguished Senator from Kentucky, if he has not already done so, before the amendment to section 2 is adopted, to explain the technicalities incident to this amount coming under the Second Liberty Bond Act, and the theory of designating it as a public-debt transaction. Those are technical questions, but I should like to understand them before further action is taken.

Mr. BARKLEY. If the Senator will look at section 1 of the joint resolution, he will find that it refers to the Bretton Woods agreement, in which the Second Liberty Loan Act was referred to as a method by which the money to be raised for the international fund to carry out the Bretton Woods agreement could be raised in the same manner provided for in the Bretton Woods agreement, which provides that it could be raised, if nec-

essary, by the sale of bonds under the Second Liberty Bond Act, which is still in effect, which is still the law of the land. It was thought by the committee—and in the case of the Bretton Woods agreement it was also thought by the Congress—that that was the logical way in which to raise any funds necessary under the Bretton Woods agreement. It is technically referred to as a public-debt transaction because it goes on the books of the Treasury as a public-debt transaction if additional bonds under that act are issued to obtain the money.

In drafting the original joint resolution it was provided that—

The Secretary of the Treasury is authorized in the manner prescribed by section (b) of section 7 of the Bretton Woods Agreements Act (act of July 31, 1945, Public Law 171, 79th Cong.) to provide and use an amount not to exceed \$3,750,000,000—

And so forth. We felt that it was better draftsmanship, instead of referring to the law as it is in the Bretton Woods Agreement, to refer to the Second Liberty Bond Act specifically, so that if anybody wanted to find out the terms under which the money should be raised, he could go directly to the Second Liberty Bond Act, and not have to go through the Bretton Woods Act and then through the Second Liberty Bond Act.

Mr. SALTONSTALL. In other words, information as to the transaction could be found in one place.

Mr. BARKLEY. Yes, that is true.

Mr. TAFT. Mr. President, I may say that this is in effect a substitute for the usual process of appropriation. Personally I do not like it. I have objected to it in the case of other bills, but it has been the practice in various cases in which the money to be spent was expected to come back, expected to be an investment, expected to be a loan, to say, "you may borrow the money, then lend it or invest it for this purpose." The money for the RFC has been raised in that way. While I do not particularly like it, similar action has been frequently taken, and it is the equivalent of an appropriation. When this measure has been enacted, no further appropriation will be necessary.

Mr. FERGUSON. Would this be classified, then, as an indebtedness under the debt limitation?

Mr. TAFT. At the present time there is a very large cash balance in the Treasury, so that as a practical matter it will probably not be necessary to borrow money to provide for this particular loan. But of course in the end it will result in a public debt larger by \$3,750,000,000 than we would have if we did not make the loan. So that it may be said that this \$3,750,000,000 will be reflected in the total outstanding debt.

Mr. FERGUSON. It will be classified as an outstanding debt?

Mr. TAFT. No; it will not be classified as a debt at all because \$275,000,000,000 has now been borrowed, and that is not classified according to the purposes for which it was borrowed. It is merely \$275,000,000,000 of Government bonds outstanding. That is not classified. The loan now proposed will be classified as an asset from the asset side, as an

outstanding loan which has not been paid.

Mr. WHERRY. Mr. President, will the Senator from Ohio yield?

Mr. TAFT. I yield.

Mr. WHERRY. I should like to ask, then, whether this comes within the interpretation of an appropriation in a legislative bill.

Mr. TAFT. In effect it is held not to be an appropriation. As a matter of law it has the same effect as an appropriation. It permits the President to draw money out of the Treasury with which to pay this amount, or he can borrow the money and pay it. But as I understand, under the rules of the Senate it has not been held to be an appropriation.

Mr. WHERRY. Is there any precedent? I ask the Senator if it would be proper to raise a point of order on the ground that it is an appropriation in a legislative bill, on the theory that it should originate in the House of Representatives?

Mr. TAFT. I think a point of order would lie, and could be made, but I doubt if it could be sustained.

Mr. PARKLEY. Mr. President, there is neither a law nor a provision of the Constitution which makes it necessary that appropriations should originate in the House of Representatives. It is customary for them to originate there, but the only sort of bill which must originate in the House of Representatives is one raising revenue. Appropriations do not have to originate there, but from long-time custom they do originate in the House. A point of order would not lie on that score.

Mr. WHERRY. Will the Senator from Ohio yield further?

Mr. TAFT. I yield.

Mr. WHERRY. The ruling has not yet been made on the unanimous-consent request for the adoption of the committee amendment. I should like to ask the distinguished majority leader a question, not that I desire to object, but a few days ago the able and distinguished Senator from Colorado [Mr. JOHNSON] indicated that he also had an amendment to section 2, and as I recall he did not wish to have his rights prejudiced in offering the amendment.

Mr. BARKLEY. The request I am now making is in harmony with what the Senator from Colorado asked a few days ago, because he joined with the Senator from Indiana, and I think the Senator from Ohio also suggested that the committee amendment be agreed to. I do not think the amendment of the Senator from Colorado is to the committee amendment. It is a substitute, as I understand. No prejudice will be suffered by any Senator who may desire to offer an amendment to the joint resolution.

Mr. WHERRY. My understanding was that the Senator from Colorado had no objection, so long as acceptance of the amendment did not prejudice his right to amend the bill as amended.

Mr. BARKLEY. That is correct.

Mr. WHERRY. If that is the understanding, I am content.

Mr. BARKLEY. The Senator can depend on me to cooperate in seeing that

no Senator is denied any right to which he is entitled.

Mr. TAFT. If a modification of the agreement were secured by an amendment of section 1, it would not make very much difference whether the \$3,750,000,000 was obtainable by a public-debt transaction or otherwise.

Mr. WHERRY. I understand that.

Mr. TAFT. We now have this issue before us. Does the Senator from Kentucky want action on his unanimous-consent request?

Mr. BARKLEY. Yes.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the committee inserting section 2.

The amendment was agreed to.

Mr. WHERRY. Mr. President, will the Senator from Ohio yield?

Mr. TAFT. I yield.

Mr. WHERRY. I suggest that it is in order that a quorum be called.

Mr. BARKLEY. I had intended to do that, and it is all right for the Senator to do so.

Mr. WHERRY. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Hatch	O'Daniel
Austin	Hawkes	Pepper
Ball	Hayden	Radcliffe
Bankhead	Hickenlooper	Reed
Barkley	Hill	Revercomb
Bilbo	Hoey	Russell
Bridges	Huffman	Saltonstall
Buck	Johnson, Colo.	Shipstead
Bushfield	Johnston, S. C.	Smith
Butler	Kilgore	Stewart
Byrd	Knowland	Taft
Capper	La Follette	Taylor
Carville	Langer	Thomas, Okla.
Cordon	McCarran	Thomas, Utah
Donnell	McClellan	Tobey
Downey	McFarland	Tunnell
Eastland	McKellar	Tydings
Ellender	McMahon	Wagner
Ferguson	Magnuson	Walsh
Fulbright	Maybank	Wheeler
Gerry	Millikin	Wherry
Green	Mitchell	White
Guffey	Murdoch	Wiley
Gurney	Murray	Willis
Hart	Myers	Wilson

Mr. HILL. I announce that the Senator from North Carolina [Mr. BAILEY] and the Senator from Virginia [Mr. GLASS] are absent because of illness.

The Senator from Georgia [Mr. GEORGE] and the Senator from Louisiana [Mr. OVERTON] are absent by leave of the Senate.

The Senator from Florida [Mr. ANDREWS] and the Senator from Illinois [Mr. LUCAS] are necessarily absent.

The Senator from Missouri [Mr. BRIGGS], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. GOSSETT], and the Senator from Wyoming [Mr. O'MAHONEY] are absent on public business.

The Senator from New York [Mr. MEAD] is absent on official business in connection with his duties as chairman of the Special Committee for the Investigation of the National Defense Program.

The Senator from Texas [Mr. CONNALLY] is absent on official business, attending the Paris meeting of the Council

of Foreign Ministers as an adviser to the Secretary of State.

Mr. WHERRY. The Senator from Oklahoma [Mr. MOORE], the Senator from Kentucky [Mr. STANFILL], and the Senator from North Dakota [Mr. YOUNG] are absent by leave of the Senate.

The Senator from Maine [Mr. BREWSTER], the Senator from Indiana [Mr. CAPEHART], the Senator from Wyoming [Mr. ROBERTSON], and the Senator from Oregon [Mr. MORSE] are necessarily absent.

The Senator from Michigan [Mr. VANDENBERG] is absent on official business attending the Paris meeting of the Council of Foreign Ministers as an adviser to the Secretary of State.

The Senator from Illinois [Mr. BROOKS] is absent on official business.

The PRESIDENT pro tempore. Seventy-five Senators having answered to their names, a quorum is present.

Mr. BARKLEY. Mr. President, will the Senator from Ohio yield?

Mr. TAFT. I yield.

Mr. BARKLEY. Many Senators have asked me whether there will be a session of the Senate tomorrow. In view of the fact that the Senate has appointed a committee to attend the funeral of Chief Justice Stone, in view of the further fact that Senators not members of the committee may wish to attend the funeral, which is to take place at 2 o'clock, and in view of the impracticability of attempting to transact any business afterward, I think it is best not to try to hold a session of the Senate tomorrow. Therefore, when we conclude our business today I shall move that the Senate take a recess until Friday.

Mr. TAFT. Mr. President, I intend to vote against Senate Joint Resolution 138, authorizing a loan to the United Kingdom. My position on this matter is solely a personal position. The fact that I happen to be chairman of the Republican steering committee does not in any way indicate a party position. In fact, the committee felt very strongly that this was a matter with respect to which there should be no party significance, a rule which I think should apply to most matters relating to foreign relations.

I shall vote against the joint resolution with considerable reluctance. I have the highest respect for the Secretary of the Treasury and for Mr. Clayton. I know that in making the agreement they have acted in the belief that it is in the interest of the United States. After such an agreement is made in good faith it is not a pleasant task to vote to disapprove the action of the executive department. Nevertheless, I have considered the arguments urged for and against the loan, and I cannot see any justification for making it. In my opinion it violates all sound principles of fiscal policy and of foreign lending. Under such circumstances I believe that it is my duty to oppose it and state here the reasons for my conclusion.

I may add that my decision is not reached in any way because of the existence of a Labor government in Great Britain. I do not believe that we should be swayed in the slightest degree by that fact, or by the result of the last election in Great Britain.

I have frequently stated that we ought to assist the countries of Europe to get back on their feet, but it has always seemed to me that the loans made should be in reasonable amounts, available for the purchase in this country of goods which can help foreign countries put their own economy in working order. I believe that one and a quarter billion dollars today would wholly perform this policy so far as Great Britain is concerned, and do everything which we can do to provide fiscal assistance to the British economy.

In pursuing a policy of foreign lending, however, we must be principally interested in its effect on our own welfare. I am deeply concerned about the lavish scale on which we are proposing to lend or give money abroad. Rich as this country is, we cannot afford to support the rest of the world.

Our over-all lending policy involves a tremendous sum of money. In the first place, I think this agreement, by implication, forgives the First World War debt of Great Britain. That means a cancellation of an indebtedness which now amounts to \$6,500,000,000, represented in part by outstanding bonds of the United States on which our taxpayers now will have to assume, without assistance, the payment of the principal and interest.

In the second place, we are now canceling all obligations under the lend-lease policy. I do not have exactly the total figure, but in general we advanced to Great Britain under the lend-lease policy goods and services of the value of approximately \$25,000,000,000. Reverse lend-lease has reduced that sum to approximately \$20,000,000,000. We are now proposing to cancel the entire \$20,000,000,000 which was loaned, in effect, to Great Britain.

The result of our lend-lease policy has been a worsening of our position from an international standpoint. I asked the Secretary of the Treasury to tabulate the effect of the lend-lease policy on our economy and our relations with other countries. On page 67 of the record of the hearings it will be found that he states that the net deterioration in the position of the United States from December 1941 to December 1945 was approximately \$5,000,000,000. Our gold holdings decreased by \$2,700,000,000 net. The foreign-owned dollar balances increased by \$3,200,000,000. We also invested about \$1,000,000,000 abroad, and I am not sure whether that represents real value. So altogether our position from an international standpoint is between \$5,000,000,000 and \$6,000,000,000 worse than it was at the time the war began.

What happened in the lend-lease policy was that we were exporting billions of dollars' worth of goods from this country for nothing, and we were paying for every import which came into the country. So we had a net balance of trade against us, which resulted in the building up of foreign balances in this country and the loss of gold by the United States.

In addition, we have undoubtedly depleted at a serious rate some of our most

important national resources. So in general, through the lend-lease policy as a whole and the war, we have already made a substantial contribution by a worsening in our position and a decrease in our wealth from an international standpoint—the same kind of worsening of position for which Great Britain is now asking us to assist her.

Third, under the surplus-property agreement which has been reported on by the Mead committee, we are turning over to Great Britain at 10 cents on the dollar lend-lease goods in existence costing approximately \$6,500,000,000. A fair amount of such goods represents civilian property. Four hundred and thirty-nine million dollars' worth of such goods are in the hands of British civilian agencies, for the civilian population. Eighty-four million dollars has already been distributed further down the line. Petroleum having a value of \$143,000,000 is turned over. Altogether we are turning over between \$600,000,000 and \$700,000,000 worth of goods which have no particular relation to military lend-lease. Military lend-lease, which may or may not be of value to Great Britain, we are turning over for less than 10 cents on the dollar. In any event, the Mead committee seems to feel that we have been more than generous in our settlement of the surplus-property account. We are turning over to Great Britain at a rate of approximately 10 cents on the dollar, property which costs us approximately \$6,500,000,000. In addition to that, we have gone on under the Bretton Woods arrangement and we are, under the Bretton Woods fund, making available to the rest of the world \$2,750,000,000, with which they may come to this country and purchase goods. Those dollars may be borrowed and spent in the United States. It will take about 3 years, under the act, for them to obtain those funds at the rate allowed by the Bretton Woods fund.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Ohio yield to the Senator from Arkansas?

Mr. TAFT. I yield.

Mr. FULBRIGHT. I was not clear about the Senator's statement in regard to the lend-lease item. Did the Senator say that approximately \$600,000,000 worth of civilian goods were included in it?

Mr. TAFT. It includes approximately \$600,000,000 or \$700,000,000 worth of civilian goods, including petroleum, which I suppose can be used in any way; certainly it is as good as gold. It is being transferred under the Surplus Property Administration. That is not lend-lease. I think it was lend-lease; it was starting toward lend-lease, but it became surplus property, and is handled, as I understand, as surplus property in this agreement with Great Britain.

Mr. FULBRIGHT. Are the goods for which they agree to give \$650,000,000 included in these figures?

Mr. TAFT. Yes; they are included in the total of \$6,500,000,000 worth, most of which is military property.

Mr. FULBRIGHT. Does the Senator have any figures to show how much is military property?

Mr. TAFT. Yes. There was approximately \$4,500,000,000 worth of military property, plus \$129,000,000 worth of food—so, altogether, approximately \$4,600,000,000 or \$4,700,000,000 worth of military property, of which approximately \$130,000,000 worth was food.

Mr. FULBRIGHT. Is not the \$4,000,000,000 worth of property of very doubtful value in a peacetime economy?

Mr. TAFT. I think it is of doubtful value. I am only saying that so far as the 10 percent is concerned, the British will be getting dollar for dollar, without having any value attached to military property. That is about what it comes down to. In effect, we are giving them \$4,500,000,000 worth of military property for nothing, and they are paying for the civilian goods.

Mr. FULBRIGHT. That is correct.

Mr. TAFT. That is about what it comes down to—the net result being 10 cents on the dollar, under the whole transaction.

Under the Bretton Woods Fund, we are making available to the rest of the world \$2,750,000,000. Those dollars may be borrowed and spent in the United States.

Under the Bretton Woods Bank we are providing \$3,175,000,000; and, with the International Bank's guaranty, a total of \$7,500,000,000 worth of securities could be sold to the citizens of this country, without further authority from Congress, but the dollars made available by the sale of such securities would then be available to foreign countries, for use in buying goods in this country.

The present proposed loan is \$3,750,000,000; but the administration has announced that, in addition to that, in order to cover other loans, it intends to propose at once an increase in the Export-Import Bank's funds by a billion and a quarter dollars over the present lending authority of that bank. So, in effect, the additional lending program we are now asked to approve amounts to \$5,000,000,000.

We have appropriated \$2,700,000,000 for UNRRA, which, of course, is also used to buy goods from this country, for which we get no return.

Thus, Mr. President, in the brief period of a year we are authorizing the Executive to make dollars available to foreign countries in the total sum of \$21,450,000,000. It is impossible to tell how fast it may be spent, but it is not unreasonable to assume that it will be spent within 4 years, or at the rate of \$5,000,000,000 a year. In considering that total, we should also take into consideration the possibility of having foreign countries spend approximately \$5,000,000,000 of foreign banking funds held in the United States and other funds estimated to exceed \$10,000,000,000.

I have suggested that we cannot afford to lend these vast sums of money. Money loaned to governments is not likely to be repaid if loaned in such tremendous

amounts. That was our experience after the last war. Payments are perhaps made until times get hard. Once the payment becomes a real burden on any people the government is strongly tempted to cease such payments, and is likely to do so. There is no way to collect money from a government except by war, but certainly we do not propose to go to war to collect the money owed to us. In small amounts, government debts may be paid; but in such volume as is now proposed it seems to me extremely improbable that they will be paid.

Furthermore, Mr. President, in the case of the British there is no real will to pay. Most of the Conservative members of the British Parliament abstained from voting on the credit agreement, and many British newspapers denounced us because the agreement did not provide for a gift instead of a loan. The British Government itself was apologetic about the arrangement.

If this loan is not repaid, then our taxpayers will have to pay both the interest and the principal, although they are already staggering under a tremendous load of taxation.

Furthermore, Mr. President, the expansion of foreign credit is just as inflationary as is the expansion of credit at home. If we build up an export trade at the rate of \$5,000,000,000 a year on credit it does not have to be balanced by imports. It is a purely artificial expansion which cannot be continued. Sooner or later we must stop lending, and when that time comes the collapse of our export trade will throw thousands of our men out of work and will accentuate any depression which may exist. That is exactly what happened in the twenties. Then we expanded our exports by the creation of private credit. Now we propose to begin the same process, but at public expense, and inevitably we shall reach the same debacle which occurred in 1932.

Mr. President, loans made over a period of 2 or 3 years, at the rate of approximately \$2,000,000,000 a year, totaling \$5,000,000,000 or \$6,000,000,000, might be repaid; and it might be that investments abroad and an increase in tourist traffic would gradually take up the slack and would create a sound export trade in reasonable volume. But loans in the large amounts contemplated will be paid by the American taxpayers and, in the end, will lead to deflation and depression for the American workman.

As a general proposition, apart from the emergency created by the recent war, I seriously question the wisdom of having one government lend money to another government. That process is not of benefit to either. In the long run, a country which cannot stand on its own feet is not likely to succeed through assistance from some other country. Every people must work out its own salvation.

The making of loans may accomplish a temporary purpose; and in this case I am prepared to say that, from the point of view of humanitarian aid to the world, we should be prepared to adopt a reasonable loan program or a gift program.

I voted for UNRRA. In the long run, however, I think loans from one government to another make for bad feeling. A man or a country is more likely to make enemies by lending money and asking for repayment than he or it is likely to make friends. Loans have been used and probably will be used in the future for political purposes, to tie one country more closely to another, to obtain concessions in the development of resources, and to form political blocs, which are a good deal more dangerous than economic blocs. If the United States undertakes to lend, in effect, \$20,000,000,000 and if it intends to collect it from the rest of the world, the United States will be the most unpopular nation in the world.

I do not mean to say that we should oppose a policy of private lending or private foreign investments, but it should be done by private capital because in that case it is far more likely to be done for sound economic reasons. Even in connection with the investment of private capital abroad, our Government should perhaps exercise some veto power, so as to be able to prevent undue inflation and prevent the kind of unnecessary lending which sometimes was done in the twenties.

My conclusion is that our total foreign lending to get the world started again on its economic life could well be limited to \$5,000,000,000 or \$6,000,000,000, instead of \$20,000,000,000. The British share of such a loan would be more nearly \$1,250,000,000 or \$1,500,000,000, instead of \$3,750,000,000.

Mr. President, I wish now to examine the provisions of this loan.

The agreement provides for an advance of \$3,750,000,000, which may be drawn upon at any time from now until the end of 1951. All of it, I think, could be drawn at once, and there would be a natural inclination for the British to do so, since no interest has to be paid in the interim. There seems to be some indefinite understanding, however, that the drafts on the fund will be spread over several years.

No interest is to be paid until the end of 1951, and then at the rate of 2 percent. The principal is to be repaid in 50 annual installments, lasting until the year 2001. The effective interest rate, if interest is to be paid, would be about 1.76 percent, or 1.62 if drawn at once.

It may be pointed out that the Federal Government is today paying between 2 percent and 2.50 percent for long-term loans, and this is a long-term loan. The proper comparison is between 1.76 percent and perhaps 2.50 percent which our Government must pay. That means that the American taxpayer pays the difference. However, interest is not to be paid in any year when British exports fail to measure up to a certain standard, and, if they do not do so, interest for that year is forever forgiven. Secretary Vinson admits that the loan cannot be justified on the basis of a commercial loan. The terms are far more favorable than we are extending to any other country. The interest rate is below that which our Government has to pay for long-term money. It is very likely that the interest will not be paid at all.

Lord Keynes interpreted the agreement as follows in his speech to the House of Lords on December 17, 1945:

We pay no interest for 6 years. After that we pay no interest in any year in which our exports have not been restored to a level which may be estimated at about 60 percent in excess of prewar. * * *

Lord BARNEY. In volume or value?

Lord KEYNES. Volume. That is very important; I should have said so. The maximum payment in any year is £35,000,000, and that does not become payable until our external income, in terms of present prices, is 50 times that amount.

In other words, Lord Keynes said that Britain's exports must be 60 percent more in volume now than they were before the war. The likelihood of that seems somewhat remote.

There has been some question whether Lord Keynes is entirely correct, but as he was one of the keenest financial analysts in the world, I think we can assume that he is. The exact provision of the agreement is that there shall be no interest paid if—

The income of the United Kingdom from home-produced exports plus its net income from invisible current transactions in its balance of payments was on the average over the five preceding calendar years less than £366,000,000, as such figure may be adjusted for changes in the price level.

Lord Keynes appears to estimate that the price level has increased approximately 100 percent and that British exports plus net income from invisible current transactions must amount to \$7,000,000,000 at present prices before interest has to be paid.

In 1946 it will be about one-half of that amount.

Certainly the payment of any interest is contingent to the highest degree, and we cannot count on it. Of course, that means that our taxpayers must pay it.

In return for the advance, the British make certain agreements which are said to be of great value to us. First, they agree that within 1 year the sterling receipts of sterling-area countries will be available for current transactions in any currency area so that the so-called sterling-area dollar pool will be entirely dissolved. The value of this agreement may well be questioned. The dollar pool was entered into for war purposes by the voluntary act of sterling-area countries. It is questionable whether it will be renewed.

Lord Keynes in the same speech to the House of Lords said:

I wonder how much we are giving away there? It does not relate to the balances accumulated before the spring of 1947.

In other words, this dollar pool arrangement does not go into effect until a year after this agreement begins to operate.

I continue reading:

We are left quite free to settle this to the best of our ability. What we undertake to do is not to restrict the use of balances we have not yet got and have not yet been entrusted to us. It will be very satisfactory if we can maintain the voluntary wartime system into 1947. But what hope is there of the countries concerned continuing such an arrangement much longer than that? Indeed, the danger is that these countries which have a dollar or gold surplus, such as India, and

South Africa, would prefer to make their own arrangements, leaving us with a dollar pool which is a deficit pool, responsible for the dollar expenditure, not only of ourselves, but of the other members of the area having a dollar deficit.

In short, Lord Keynes says that Great Britain could not maintain this dollar pool anyway. Nor would it be to their interest to do so. As Lord Keynes said further:

The way to remain an international banker is to allow checks to be drawn upon you; the way to destroy the sterling area is to prey on it and to try to live on it. The way to retain it is to restore its privileges and opportunities as soon as possible to what they were before the war.

In other words, if we buy goods and materials from independent countries and independent British dominions, and pay for those goods and materials with dollars, why should those countries and dominions surrender those dollars to the British? They themselves would use those dollars by coming to America and buying goods in the United States.

Great Britain agrees further that it will not apply exchange controls to restrict payments to the United States for products of the United States permitted to be imported into the United Kingdom or the use of sterling balances to the credit of residents of the United States arising out of current transactions. This hardly seems to be any sacrifice on the part of the United Kingdom. How they can possibly hope to obtain necessary imports from this country if they do not permit their citizens to pay for them in dollars is difficult to see. It is significant that under article VII of the Bretton Woods agreement, if it should become effective by dollars becoming a scarce currency, Great Britain might impose controls which would prevent payment, even for imports permitted to be made, and in spite of this loan agreement. This means that when this money runs out, Britain, unable to obtain dollars, can go back on all promises. It could not be otherwise.

Mr. President, article VII provides that if dollars become scarce in the world, or if they are declared by the board of the Bretton Woods Fund to be scarce, any country may restrict payments to this country. In other words, once the loan runs out, unless the world is restored to an almost unusual condition, we are to be confronted with having our payments to this country restricted, and our exports restricted unless we loan more money. The entire picture of the proposed arrangement is that so long as the money lasts we will be in fine shape. We will be in position always to export anything we may have to export, if we loan the other fellow money with which to pay us for our exports. But as soon as the money runs out, the agreement permitting free exchange may be eliminated entirely by force of the Bretton Woods agreement.

The two Governments also agree that within a year they will cease to impose restriction on payments and transfers for current transactions, with certain very definite exceptions. It seems clear that the removal of such restrictions will benefit Great Britain just as much as

it does the United States, if not more. Great Britain further agrees that if it imposes quotas on imports, they shall be administered in a way that will not discriminate against American imports.

They may impose quotas on imports, and they do not agree to accept any imports from the United States. They do not agree to permit importation of, we will say, automobiles if they do not wish to do so. Furthermore, during the actual consideration of this agreement by the Banking and Currency Committee Great Britain announced that the Government would buy all cotton imported into Great Britain. No cotton may be imported hereafter into Great Britain unless the British Government imports it. Of course, that nullifies any agreement to the effect that the British will not discriminate against America by imposing quotas, because they are not imposing quotas on imports. They are merely saying, in effect, "We are going to buy cotton wherever we choose to buy it." The British Government will be able to buy all the Egyptian and Brazilian cotton and then buy just as much American cotton as they choose to buy. So that, so far as the agreement not to discriminate by the imposition of quotas on imports is concerned, they already have shown how the agreement may be completely bypassed and nullified.

Exception is made, also, for the use of inconvertible currencies accumulated up to December 31, 1946. They may also discriminate in behalf of any country whose economy has been disrupted by war. That includes every country in the world. So, for the present, at least, these exceptions practically nullify the agreement that they will not discriminate against American imports. I do not believe that a loan is justified in order to prevent the imposition of discriminatory restrictions on American commerce. Such discriminations should not be made in any event—and we have other means to prevent them—except under a very severe economic pressure and depression, such as the one we had some years ago. We are relieving that pressure at present at least by other loans we are making through the Bretton Woods agreement. So I see no immediate necessity justifying the imposition of discriminatory restrictions against the United States.

It may be noted that the United Kingdom does not agree to reduce its tariffs or abandon the policy of imperial preferences. I would not have them do so. I think a customs union is proper between countries that have a special political relationship. Nor does it prevent their engaging in government trading which will relieve them from the obligation regarding nondiscrimination.

So, Mr. President, I cannot see that the supposed benefits from this agreement are more than we are entitled to without any loan, or more than we would probably obtain in any event.

This, then, Mr. President, is the agreement. Is it wise or necessary or to our advantage?

The question arises how the figure \$3,750,000,000 was arrived at.

Mr. REVERCOMB. Mr. President—
The PRESIDING OFFICER (Mr. JOHNSTON of South Carolina in the chair). Does the Senator from Ohio yield to the Senator from West Virginia?

Mr. TAFT. I yield to the Senator from West Virginia.

Mr. REVERCOMB. Before the able Senator from Ohio leaves the question of imperial preferences, let me ask a question. This agreement has been made with the United Kingdom alone, and not with the other dominions of the British Empire. Does the Senator understand that, even if this agreement were entered into, Australia, India, or any of the other dominions might themselves set up tariff barriers and exclude imports from other countries, even from the United Kingdom? Does the Senator so understand the situation?

Mr. TAFT. Yes. I do not think anything in this agreement in any way restricts the power of Australia or of any other dominion to do as they please. Of course, we have to deal with each one individually.

Mr. REVERCOMB. The Dominion of Australia is a great importer from us, as likewise is Canada. Our relations and arrangements with Canada in the past have been quite satisfactory, but we know that under imperial preference our exports to Australia in the case of a number of commodities has almost been destroyed. This agreement would not in any way affect the right of the dominions to set up their own tariff laws against importations, would it?

Mr. TAFT. Not in any way, no; nor does it affect imperial preferences. I think I should say that there is an arrangement for a conference to be held and that among the matters to be passed on is the question of reducing tariffs, including imperial preferences, but that is rather a vague agreement, and we are giving the money without any understanding that anything will be done in that direction.

Mr. REVERCOMB. Mr. President, will the Senator yield for another question?

Mr. TAFT. I yield to the Senator from West Virginia.

Mr. REVERCOMB. If this agreement were entered into, is there anything to prevent the United Kingdom from making an agreement, say with Australia, to give preference to the products of the United Kingdom going to Australia.

Mr. TAFT. They could not enter into an agreement with Australia that Australian goods should be admitted in larger quota in proportion to production than those of the United States; but they would not necessarily do it that way. They could set up a government corporation and buy, for example, the Australian crop of wool, if they wished to do so, without violating this agreement.

Mr. REVERCOMB. I do not believe I made myself clear. Could Australia enter into an agreement with the United Kingdom, if this agreement should be entered into, to give preference to the products of the United Kingdom over those of America?

Mr. TAFT. They could adjust their tariffs as they pleased, but I think if they

attempted to work under a quota system they would have to base it on past importations from Australia into Great Britain, and from Great Britain to Australia. They could not impose discriminatory quota arrangements, and under this agreement they will not do so. I only had said that they could get around that by setting up a government corporation, as they propose to do in Britain.

Mr. HAWKES. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from New Jersey?

Mr. TAFT. I yield.

Mr. HAWKES. Mr. President, I want to be sure the distinguished Senator from Ohio understands the question raised by the Senator from West Virginia. He is not talking about imports going from Australia to Great Britain; he is asking, if I understand him correctly, whether, if this agreement is made, Great Britain could make a special agreement with Australia to permit goods made in Great Britain to go into Australia at a lower rate or to give a preference to British goods over goods made in the United States and going into Australia.

Mr. TAFT. If that is what the Senator wishes to know, there is no restriction on the British doing anything about their exports. They can export anything they may have for export. There is nothing in the agreement that in any way limits their purpose and the purpose of this agreement to enable the British to increase their exports even in competition with our own.

Mr. REVERCOMB. Then, does it not follow that under such an agreement American products could be driven completely out of the Australian market?

Mr. TAFT. That would be true if Australia were willing to do so. Australia is an independent country; we have a most-favored-nation clause probably with Australia, and I think England is excepted from it. So, in my opinion, we could make our own terms with the British colonies, if they are let alone.

Mr. SALTONSTALL. Mr. President, is there not one thing that the distinguished Senator from Ohio may be overlooking?

Mr. TAFT. I may be overlooking many things.

Mr. SALTONSTALL. England has a \$12,000,000,000 debt in the form of frozen sterling balances at the present time.

The Senator said that the sterling-dollar pool would be given up in a year and that Lord Keynes said it could not be held together longer than that in any event. If Egypt or India want to trade with the United States in dollars, must they not in making such an agreement or trade give consideration to the pound-sterling debt that is owed by England to them? In making any arrangement with the United States in dollars will they not be much concerned with what becomes of England's debt to them? Is not that a fair statement?

Mr. TAFT. I think that is a fair statement. Britain, we will say, owes nearly 1,000,000,000 pounds in India. She does not owe it exactly; the Indians have

1,000,000 pounds, or about that, which is blocked. In other words, today they cannot spend it even in England. They cannot spend it at all. They may be able to pass it around in India, I do not know about that, but they cannot go to England and buy anything with it.

As I understand, it is proposed by the British—and I think it is mentioned in the agreement—that they pay something on these debts at once. They propose to make an agreement with each of the countries which has blocked sterling. They propose to pay something on the balance. They propose to say then, "We will pay some more on it over a long period of years." Then they are going to ask forgiveness of some more of it. They are saying that is not a condition of this loan, but it is mentioned as what they hope or intend to do.

Mr. SALTONSTALL. Mr. President, will the Senator yield further?

Mr. TAFT. I yield.

Mr. SALTONSTALL. It is an influence with any dollar arrangement which India, we will say, would desire to make in 1947 with the United States. That is the point I wanted to bring out.

Mr. TAFT. But the English are very seriously limited in permitting that sterling to be spent, because their purpose, and the purpose of this loan, is to enable them to build up sufficient exports so that they can import enough to live on, and get their raw materials for manufacture. If they are to export articles to India in return for these pounds which have been frozen already, so far as their current balance is concerned, it is just a loss. They export those articles and get no good from them so far as their current position is concerned. So the British are very loath to permit any of these frozen balances to be used even to buy goods in Great Britain. Of course, they can dole them out somewhat, and that is a weapon they have, but it is a weapon which is not going to benefit the British very much. In other words, they cannot afford to permit that to be done without cutting down their imports, cutting down the food they import, and the standard of living their people enjoy.

Mr. SALTONSTALL. It is their purpose to avoid that contingency and, in order to avoid it, they desire to make these long-time agreements with relation to the sterling debt they have.

Mr. TAFT. Yes. During the war we advanced \$20,000,000,000, just as other countries advanced the money. The other countries around the world advanced \$14,000,000,000. I think most of them were participants in the war. We forgave our \$20,000,000,000, but they did not forgive their \$14,000,000,000. We lend England money, but provide expressly that they cannot take the money and pay these other countries. They cannot use our money to pay off these other countries, but they can take other money they have to pay them. Therefore, I take it we make it possible for them to settle with these other countries any indebtedness incurred of the type we have already forgiven. I think that is a good deal to ask us to do, as compared with the rest of the world.

Mr. SALTONSTALL. If I may, I should like to ask a further question.

Mr. TAFT. I have now the figures relative to Great Britain's condition, which I think bear on these very questions, and I think this may make some of the matters clear.

How was this sum of \$3,750,000,000 arrived at? Mr. Clayton described the process, and his testimony appears on page 118 of the hearings and also on page 141.

Mr. WHERRY. Mr. President, will the Senator yield before he goes to that?

Mr. TAFT. Let me finish this because it relates to the dollar-balance question which is being discussed.

The British imports for the year 1946 are estimated at \$5,200,000,000, the exports at only \$3,000,000,000, leaving a deficit of \$2,200,000,000. To that is added \$1,300,000,000 which England figures she will require in foreign exchange, not in dollars but in foreign exchange, to pay what is needful in the liquidation of the war and in bringing her armies home. Against that is credited \$600,000,000 from estimated earnings on foreign investments, shipping, banking, insurance, and so forth. That leaves a deficit of \$2,900,000,000. To this is added a further deficit of \$2,000,000,000 for the years 1947 and 1948—a total deficit of about \$5,000,000,000. To meet this we supply \$3,750,000,000 and Canada \$1,250,000,000.

I have not discovered that these figures were very carefully checked. The estimate of \$600,000,000 a year for earnings on foreign investments, shipping, banking, insurance, and so forth, appears to be low. In any event, of this total of \$5,000,000,000, it is difficult to calculate that the deficit resulting from imports from the United States in excess of exports to the United States will amount to more than \$1,250,000,000.

This deficit averaged about \$150,000,000 a year in the prewar period. Roughly speaking, we exported to England an average of about half a billion—\$500,000,000—a year, and the imports and shipping services, and so forth, amounted, we will say, to \$350,000,000, so that there was a deficit of about \$150,000,000 a year.

Adding something for the present condition and the fact that they want to buy more here, I estimate that a billion and a quarter dollars, if it were loaned to England, would enable her, together with her exports to the United States, to buy everything she needs which can be obtained in the United States during the next 3 years.

The other two and a half billion dollars of our proposed loan represents deficits in the British balance of trade with the rest of the world, and the cost of liquidating the war, also a cost incurred with the rest of the world.

I cannot understand the philosophy under which we are expected to find this two and a half billion dollars required by Great Britain to settle her accounts, for the most part with her own colonies and with other countries which are as close to her as they are to us.

Why should this sum not be financed by the countries which expect to sell goods or services to Great Britain? Take the case of South Africa, which has been mining gold at the rate of half a

billion dollars a year during the war. Its Government has increased its gold reserves from \$250,000,000 to \$750,000,000. The rest of the gold which has been mined must have remained largely in the British Empire and be available to the governments for the payment of foreign balances. None of these countries has as yet forgiven Great Britain her debt for any of the war supplies therein obtained. None of these countries except Canada has pursued the lend-lease policy followed by the United States. It is difficult indeed for me to see why we should underwrite the entire British Empire and the sterling bloc.

I have already referred to the fact that under this agreement the British may use their other funds which in effect are released by our making this loan, to pay some of these other countries.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. FULBRIGHT. I did not understand the significance of the Senator's statement a moment ago about Australia. Did the Senator mean to leave the impression that Australia is not an independent country?

Mr. TAFT. No; Australia is an independent country. It was suggested by the Senator from Massachusetts that the fact that England owed them money which they would like to have paid would give England a certain advantage in getting them to make an agreement to shut out American goods. I understood that to be the suggestion.

Mr. FULBRIGHT. South Africa is an independent country, is it not?

Mr. TAFT. South Africa is also an independent country.

Mr. FULBRIGHT. The fact that she may have some resources does not mean they are necessarily subject to the direction of and to taking by the United Kingdom?

Mr. TAFT. Not at all, but I was suggesting that to ask us to forgive all the lend-lease debt incurred during the war, and lend them more money, while a country such as South Africa, with a tremendous amount of gold, has not forgiven them the advances they made to England during the war, and may now be paid off under the terms of this loan by British funds, is hardly an equitable arrangement, or an argument in favor of our making the loan.

Mr. FULBRIGHT. I would agree with the Senator that these other countries, particularly those belonging to what we call western civilization, and others, should make an equitable contribution. I think the fact that some other country will not do its duty is not a good reason why we should not do something that is to our benefit. Either way, I agree. I think Portugal presents another example of something which according to my understanding is a little inequitable, by her attitude toward that part of the debt which the Senator mentioned, and which was mentioned in the hearings.

Mr. TAFT. My position is that if we should lend or give England \$1,225,000,000, that would entirely balance our account. The British could come to this country in effect and buy all they would

normally buy here, plus the additional needed for new machinery, and so forth, out of the \$1,225,000,000. What we are doing when we lend Great Britain the other \$2,500,000,000 is to enable the British to settle their accounts with the other countries of the world. My suggestion is that the other countries are perfectly able to handle that themselves, without asking us to lend the money to settle Great Britain's accounts with them.

Mr. FULBRIGHT. I understood the purpose of this loan was to make the British currency available so they could therewith deal with other countries on a multilateral basis. It is specifically provided that this loan is not to be used to settle other accounts.

Mr. TAFT. This particular money is not to be used for such purposes, but there are other funds, as I shall show, which can be used for such purpose if we make the loan.

The condition of Great Britain today is not so serious as the advocates of this loan claim. It is rather interesting that a year ago, when we had the Bretton Woods agreements up for consideration, and it was proposed that the way to meet the whole problem was to make the British a loan, rather than through Bretton Woods, Mr. White, of the Treasury, came before the committee in executive session and said that the British are all right, they do not need a loan, or, if so, it can be worked through the Export-Import Bank. He was afraid it would interfere with the Bretton Woods agreement. He said the British expect most of the \$14,000,000,000 will be forgiven. He said the British have a great deal of money here, and he gave us the figures, which are not very different from those I am about to give.

Mr. FULBRIGHT. Mr. President, will the Senator again yield?

Mr. TAFT. I yield.

Mr. FULBRIGHT. I think the Senator ought to mention that Mr. Williams and others in the same hearings specifically stated the British ought to have from \$3,000,000,000 to \$5,000,000,000.

Mr. TAFT. I may say that the Bretton Woods agreement was presented as one way of securing this exchangeability of currency; we were asked to put up \$6,000,000,000 for that purpose and, according to Mr. White, that would solve the problem. Now I suggest that the one billion and a quarter dollars to the British is a matter of helping the British. But the other two and one-half billion dollars is an attempt to stabilize the currencies of the world, which is just exactly what Bretton Woods was going to do. I think it would have been rather a better method to have refused the \$6,000,000,000 under the Bretton Woods agreement. In that event I would not be opposing the British loan. But now we are asked to do over again almost exactly the same thing we were doing when we passed the Bretton Woods agreement. It was not then represented that Britain would not require additional funds, but I tried to point out that a billion and one-quarter dollars would cover everything in the way of fiscal assistance by the United States through its production and its

ability to give Great Britain the goods she needed, and the other two billion and a half was for the vague purpose of stabilizing the currencies of the world and creating multilateral trade throughout the world, which was a problem supposed to be solved entirely by the expenditure of \$6,000,000,000 for Bretton Woods.

Mr. SALTONSTALL. Mr. President—

The PRESIDING OFFICER (Mr. HUFFMAN in the chair). Does the Senator from Ohio yield to the Senator from Massachusetts?

Mr. TAFT. I yield.

Mr. SALTONSTALL. Is the \$2,500,000,000 which the Senator has just mentioned in connection with stabilizing currencies, to be loaned for the purpose of allowing the dollar to be used in the trade of the world, and to allow Bretton Woods to get started? Otherwise the dollar will be declared scarce right off by Bretton Woods.

Mr. TAFT. Of course so long as we lend money the dollars are not scarce; so long as we hand out dollars they are not going to be scarce; but if we are going to build up a foreign trade it has got to be a foreign trade based on sound values, sound exchange, and permanent relationships which are going to continue, whether we lend money or whether we do not lend money. I will deal with the question of multilateral trade in a moment.

But getting back to the condition of Great Britain. True, she in effect owes large sums of money to foreign countries, but it is apparently expected that such obligations will be settled by very small cash payments. Mr. Vinson testified, as appears on page 48 of the hearings, that British holdings of securities and direct investments in the United States amounted to about \$1,475,000,000, including \$895,000,000 pledged with the RFC. The loan which is secured by that pledge now amounts to less than \$200,000,000, leaving to Great Britain net assets in this country in securities and property of \$1,275,000,000. The RFC could certainly loan an additional \$600,000,000 against those securities. In fact, Mr. Jones said that the earning value of the securities is so great that a loan of a billion dollars would be adequately secured. Yet it is proposed to make the present loan without any collateral whatever, even that which is already in the hands of the United States Government, and the British could take \$200,000,000 of this fund and pay off the RFC, and go away with the billion dollars of securities which are now pledged in this country.

In addition to these assets the gold and dollar balances of the United Kingdom amount to \$2,324,000,000, most of it here in the United States. Perhaps \$400,000,000 of this is owed to Portugal, but it is not quite clear to me why these assets should be used to reduce British obligations to Portugal while we are asked to loan more money. In any event, the net value of British liquid assets and assets in this country, most of which are liquid assets, is more than \$3,000,000,000. It is estimated that the

value of other British property scattered throughout the world is close to \$8,000,000,000.

I might add that the British Government has accumulated a vast stock supply of wool, amounting to about 3,000,000,000 pounds. I do not know what it is worth. Perhaps some Senator can tell me, but my understanding is that it might easily be worth another \$1,500,000,000. So I cannot see that Great Britain faces any tremendous crisis to justify the extraordinary treatment we are asked to accord her. Are we in effect not lending her the money to pay off her other creditors? Here is this \$3,000,000,000 in the United States, a large part of it liquid, here is property scattered throughout the world, which can be used, under the terms of this agreement, to pay off their other debts. They say that they cannot use our money to do it. What difference does that make? By getting our money they in effect are released from the necessity of holding on to the other money, and consequently they may use it to pay their other debts if they wish to do so, and, so far as I can see, the undertaking in the agreement not to use this money for the payment of other debts is of no value whatever.

The testimony shows further that Great Britain has actually loaned some small sums to Greece and to Czechoslovakia. Those sums are not large, but the British have also offered a loan to Russia in a more substantial sum. I do not have the figures, Mr. President, but my recollection is that the Russians wanted approximately \$400,000,000 for 15 years, and the British offered them about \$120,000,000 for 5 years at 2½ percent. Obviously this is only made possible or could be made possible by our lending money to Great Britain, because such loans to other countries by Great Britain would result in British exports being made without any imports in return, and would thus defeat the very alleged purpose of the present loan, to permit Great Britain to import adequate commodities and supplies.

Certainly I do not see that this British loan is a relief loan. It is a loan which we are asked to make in effect to underwrite the financial condition of the British Empire. I am perfectly willing, as I have said, to be generous to Great Britain; I am perfectly willing to loan and give the money necessary to enable the British to come to this country and buy the things they need for their rehabilitation; but it seems to me that the rest of the loan is far beyond anything it is fair to ask the United States to make.

The claim is made that the special features of this loan are justified by the extraordinary benefits which we would receive. First, it is alleged that by the loan we can bring about a world condition of multilateral trade. I respectfully suggest that the future trade of the world will be a mixture of bilateral and multilateral trade, whether we make this loan or whether we do not make it. It is obvious that Russia and its satellite nations will be an economic bloc regardless of what we may do here. In that case all

trading will be conducted by the Government, and that means bilateral trading. Russia and its satellite nations represent a large section of the world. Although at present they do not do a large amount of trading, certainly if we are looking to increased foreign trade a large portion of it will have to come from the Russian economic bloc.

It is not fully certain that other countries will not continue many of the war controls. While our committee was considering this measure, the British Government decided that all cotton coming into Great Britain is to be purchased by a Government agency. This is absolutely contrary to the theory of multilateral trade. It is bilateral trade. Furthermore, our own Government is permeated with ideas of the same kind. Thus, Mr. Henry Wallace, Secretary of Commerce, testified before the committee that he favored a world control, allocation, and price fixing for most basic commodities. Mr. Wallace testified, on pages 276 and 277 of the record, that he favored something in the nature of the international wheat agreement for commodities, when there was a possibility of long continuing surpluses. He testified that in some cases it might be necessary to have countries limit their total production, accepting quotas for that purpose, with the control of prices to protect the consumer. In short, Mr. Wallace believes in world-wide cartels controlled by governments. This certainly is contrary to Mr. Clayton's dream of a world where trade flows freely under the management of individuals. But even in the document sent out by the Department of State relating to proposals for the expansion of world trade and employment, to be taken up at the World Trade Conference, we have chapter 5 on intergovernmental commodity arrangements. It provides for consideration of more or less what Mr. Wallace advocates. It says that it is to be done only after careful investigation and only in emergencies, but we all know how frequently emergencies occur, particularly in the economic world.

We ourselves have already accepted the theory in the matter of sugar, and during the war in the matter of wheat and coffee. Already there is a strong movement for the imposition of quotas on wool and the parceling out of the wool production of the world.

Personally I tend more toward Mr. Clayton's views than I do toward Mr. Wallace's views; but I think we must recognize that in going to the extreme to which the State Department attempts to go on free trade, in theory, though not in practice, Mr. Clayton is trying to get back to an archaic nineteenth-century conception of free-flowing trade, which is about as remote from present conditions as the world of the dinosaurs. If this is the fact, there is not much reason for paying out money to attain that dream.

In the second place, Mr. President, it is argued that the kind of world which Mr. Clayton desires to create would be a world of more economic peace and therefore more political peace than one which is faced with bilateral trade. I question whether this is the fact. Trade rivalry has been very severe in past periods, and

has been the cause of wars, when trade has been under individual management. Even if trade is in the hands of individuals, governments are inclined to support their nationals and take an active interest in securing their share of any markets. Private economic competition can be as severe and deadly as that of governments. Wars have arisen out of economic rivalry; but the prevention of such wars depends far more upon a reasonable attitude on the part of governments from the political side than it does on the question whether trade is bilateral or multilateral. In any event, as I see it, we are bound to have a combination of the two.

The majority report states that economic blocs would involve an economic war between the sterling and the dollar blocs which would plunge the entire world into a vicious cycle of restrictions, counter restrictions, and declining trade. What does that mean? How does a dollar bloc fight a sterling bloc? How do we have war between economic blocs? What is economic war? That talk is an argument by slogans. If we are willing to buy the goods of any country and pay better prices than does England or any other country, 99 percent of the countries of the world will sell goods to us. They will acquire dollars, and they will use them to buy our goods. The sterling bloc, or even the Russian bloc, would make no difference, it seems to me, in the general fact that if we are willing to import goods and give people dollars, they will spend those dollars in this country.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. FULBRIGHT. Was not the trade war between ourselves and the sterling bloc illustrated by the experience with the Germans and the Russians in the 1930's? Is it not a fact that the Germans, by their system of barter and bilateral trade, dominated a great deal of the trade of specific countries, not only in the Balkans, but in many other places?

Mr. TAFT. No. I think they were able to dominate the trade of those countries immediately surrounding them and dependent upon them, just as we dominate the trade of the Caribbean, just as we dominate the trade of Canada to a large extent. I think there is no evidence that the total amount of trade was reduced, or that our exports or the British exports were interfered with to any material extent. At least I have never seen any such showing.

Mr. FULBRIGHT. It is a fact that international trade did decrease very substantially during that period.

Mr. TAFT. International trade decreased during that period because there was a general depression. I think that was the result of the depression, rather than the cause of it, although it was a cumulative effect. It made the depression worse than it would otherwise have been, because international trade had been built up on a credit basis, and an unsound basis, one which could not indefinitely continue.

Mr. FULBRIGHT. Is it the Senator's conclusion that it is inevitable that trade will be all bilateral?

Mr. TAFT. No. My conclusion is that we are bound to have a mixture of both bilateral trade and multilateral trade. If our buyers go to a country in the sterling bloc and say, "We will buy your goods"—chocolate in Africa, let us say—and give them dollars for that purpose, there may be any amount of bilateral trade between England and such a country, but it will spend dollars in this country. That is multilateral trade. We are bound to have a mixture, just as we have here a mixture of the old-fashioned laissez-faire economic world and controls which are imposed for one purpose or another. My only suggestion is that the picture of multilateral trade if we make this loan and bilateral trade if we do not is a wholly false picture of the world. Trade will be a mixture of bilateral trade and multilateral trade.

Mr. FULBRIGHT. I do not recall that anyone gave such testimony. As I recall, Mr. Clayton said that there would be a mixture of multilateral and bilateral trade, just as internally we have a mixture of public and private operation. Yet we insist that we are for private economy. Mr. Clayton did not say that trade would be wholly multilateral. He does not believe so, and I do not. But there is a great difference in degree, as to whether there will be opportunity for some private trading, or whether it must all be state trading after the Russian fashion.

Mr. TAFT. I think there will be plenty of private trading, whether we make this loan or not; I do not think it will make much difference in the extent of private trading, for this reason: I believe that our export trade will be limited by our willingness to accept imports, our investments abroad, and our willingness to lend money. In other words, to the extent that we are willing to accept imports and give other people dollars, we shall have no trouble in exporting goods. That is the limiting factor, and not whether the world is a multilateral world or a bilateral world. The fact is that in the long run we cannot safely export goods to a greater extent than we are willing to import, including in imports, of course, travel abroad and services of various kinds.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HOEY in the chair). Does the Senator from Ohio yield to the Senator from Colorado?

Mr. TAFT. I yield.

Mr. JOHNSON of Colorado. As I understand the matter, if we spend dollars they will come back to us. Regardless of whether they come back to us from the country with which we spend the dollars, they must come back eventually, because the United States is the only place where they have any value.

Mr. TAFT. The Senator is entirely correct. I maintain that that factor and one other are what limit export trade. The other factor is that the prices of our goods are getting so high that it may be very difficult for them to compete in the world market, although for some years to come the shortage will be so great that probably we shall be able to obtain our prices without difficulty. But

I am afraid that when the world does settle down no foreign countries will want to buy our agricultural products, and only the manufactured goods which we can produce by means of mass production will be sought throughout the world.

As a matter of fact, the one hope of our cotton friends is bilateral trade. In other words, if 25 cents a pound is to be the price for American-produced cotton, we shall not be able to compete with the rest of the world in the sale of cotton, and gradually the rest of the world will build up a sufficient cotton production at lower prices to take care of their entire cotton needs. So far as the advantages of bilateral and multilateral trade are concerned, from the cotton-production standpoint, I think we would be far better off with bilateral trade. With complete multilateral trade, only manufactured goods would be exported from this country; very little of our exports would be agricultural commodities. We are even increasing the prices of our manufactured goods to a point where we are limiting the possibilities of sales of such goods abroad.

Mr. STEWART. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. STEWART. The Senator has referred to the price of cotton. The cotton producers of the South, particularly those of my State, have communicated with me from time to time. A great many of them believe that this loan will be helpful to cotton. What is the Senator's thought about that?

Mr. TAFT. My own thought is that in the long run a multilateral-trading world will exclude our cotton. If we hope to obtain anything like the cost of production for our own cotton, we shall be able to do so only by means of some special arrangement with another country, by which we shall take from them something which we would not otherwise take. I do not believe there is any other method of handling the general situation, unless we subsidize cotton, and of course subsidizing is absolutely contrary to the whole theory of multilateral trade.

Mr. STEWART. It is reasonable to assume, is it not, that Britain will purchase cotton wherever she can obtain it, at the cheapest price? Therefore, it will be necessary for American cotton to compete with other cotton at the world price, or to sell at the world price. That would be true; would it not?

Mr. TAFT. It would.

Mr. STEWART. But we must remember that for a number of years the world price of cotton has been considerably below the price of cotton in the United States.

Mr. TAFT. I do not know the solution of the cotton problem. I only suggest that it will not be helped by the establishment of multilateral trade.

Mr. President, the English themselves are going to export to us, regardless of whether they obtain this loan from us. When they export goods to us, they will use the dollars they get from us by means of that transaction to import goods from us. Perhaps a loan of \$1,250,000,000 will be useful in helping the English buy American goods, but a loan of \$3,750,000,-

000 would merely give Britain that much more money with which to obtain goods from elsewhere, and such goods would compete with ours. We should recognize that that competition would be severe. We cannot hope by this loan to increase tremendously the exports of England, which is the purpose of the loan, and at the same time bring about unlimited exports of the products of the United States.

Mr. President, we have no right to expect to enjoy the highest standard of living in the world and also improve that standard, by competition with England and other countries which have a lower standard of living than we have. Foreign trade by this country, with the effort to maintain the highest standard of living in the world, can never be the key to our prosperity. The home market must be our reliance to that end. It is now our reliance, and it must continue to be. We cannot expect indefinitely to compete in the world market in any tremendously huge amount. To the extent that we import—and we have to import probably \$4,000,000,000 or \$5,000,000,000 worth—plus our tourist travel, we may hope to expand our export trade. I doubt whether we can hope to go further than that.

Mr. President, another argument made in favor of the proposed loan is that bilateral or Government trade will lead to regimentation at home. That is another of the slogans which is frequently repeated and which is accepted by many persons without thought. I do not see why that argument is sound. Certainly our Government will have to help our exporters. It always has. In a bilateral trading world our Government will have to help our exporters perhaps more than in a multilateral trading world. But why does it have to regulate manufacturing in the United States? Merely because the British Government or the Russian Government will come to the United States and buy American electrical equipment, why does the United States Government have to go into the business of regulating the manufacture of electrical equipment? Any foreign country can come to the United States and buy our goods in a competitive market. Why not? If they try to beat down the prices of our agricultural products, we can sustain them as we are already doing. I see no reason to think that even a completely bilateral trading world would necessarily involve us in Government regulation of the prices of goods produced in the United States.

Mr. President, the third advantage of the proposed loan is said to be that we shall get rid of the dollar pool and shall be able to export to sterling area countries. I have already referred to the fact that the dollar pool will have to be dissolved in any event within a short time, and so there is no use in lending money to attain that objective.

As a fourth argument, it is alleged that the loan will benefit production and employment in the United States. I believe that during the next 3 years there will be a wholly adequate and, in fact, an excessive demand for American products, both from domestic and foreign con-

sumers. Many persons have pointed out the tremendous purchasing power banked up here at home. Without this loan, foreign nations will have about \$20,000,000,000 available for expenditure in this country, because of Bretton Woods, the Export-Import Bank, and the large amounts of deposits and investments which they now have in the United States. We are going to have to rely on our Export Control Board to prevent foreign nations from buying in too great volume goods which are in seriously short supply in the United States. Therefore, no immediate benefit to exports or to production will accrue from this loan.

As a permanent proposition, I do not believe that an artificial trade, stimulated by large loans, is a good thing for this country or for our producers. If the loans are not paid, we are simply giving away the product of our labor. Even if they are good loans, it is unlikely that we can keep up lending at any such tremendous rate, and so our export trade will not be sound or permanent. In the long run we can export only as much as we are willing to import—including in imports expenditures by tourists, payment for shipping, insurance, and the like. In the long run our willingness to import is the real bottleneck. The making of loans can only vary the situation temporarily. As long as we provide the money with which foreigners can come to this country and buy our goods, we can obviously increase our employment. We could do the same thing by vast loans distributed to our own people. Surely everyone must recognize, Mr. President, that business expansion based on such a policy is utterly unsound.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. SALTONSTALL. Is not the whole purpose of this loan to make it possible for Britain to start her exports into this country or, rather, to make it possible for us to increase our imports so as to balance our exports? In other words, it is a loan to start the wheels of England's industry moving.

Mr. TAFT. And I suggest that a billion and a quarter dollars will do that. It will give England all the money she will need to come here and buy anything she will want to buy in order to start the wheels of her own industry. The rest of it is only a theory of multilateral trade throughout the world, and a setting before the world of a grand theoretical basis with which I have tried to deal in my speech. I do not object to trying to help Great Britain get her wheels of industry going, but I say that a billion and a quarter dollars, together with such assistance as she may receive from her own dominions and countries from whom she is buying raw material, will do that.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. FULBRIGHT. Is there any real difference between the Senator's opinions with regard to this matter and the opinions of those who negotiated the loan, other than as to the amount of the loan which should be made? If it could be shown that the amount provided for in the joint resolution is necessary in

order to establish Great Britain on an economic basis, would the Senator from Ohio be agreeable to making the loan?

Mr. TAFT. If the proposed amount were necessary to enable Great Britain to buy raw materials and put her machinery to work, that would be a different thing. As I have explained, I do not see why we should finance their purchase in Australia and South Africa, as well as in other countries of the world.

Mr. FULBRIGHT. Of course, the return of the money may be considered. As the Senator from Colorado pointed out, however, at some later time the dollars will come back, but we do not want them to come within the first year or so. However, I understand that the Senator from Ohio has no objection to the objective which is being sought, namely, to maintain Great Britain as a part of the world economy. Apparently the Senator differs only as to the amount of the loan which should be granted.

Mr. TAFT. No; I have tried to make it perfectly clear that I do not think it is our job to set up the British Empire as a going concern in order that there shall be multilateral trading and no exchange restrictions. I am willing to recognize what I believe is a reasonable obligation to repair Great Britain's physical plant, and see that the wheels start moving. I say, however, that a billion and a quarter dollars is sufficient to do that. The other two and one-half billion dollars is sought for the exact purpose that Bretton Woods was sought, namely, to establish in the world conditions under which there will be no restrictions, and all exchanges shall be convertible. The two and one-half billion dollars is to enable the British to buy goods all over the world and help the rest of the world, and set up the British Empire.

Mr. FULBRIGHT. I thought the Senator differed with others only with regard to the amount of the loan. The Senator desires, apparently, to take care of the trading balances with the rest of the world within the next 2 years.

Mr. TAFT. No; I do not. But if we say to the rest of the world, in effect, "Here is five or six billion dollars to enable you to buy raw materials and set the wheels of your plants in operation, replace necessary machinery, and so forth," we are doing just what Bretton Woods does. Bretton Woods gives the world five or six billion dollars. We have added to that sum by \$3,500,000,000 through the Export-Import Bank. We are going to loan \$3,250,000,000 during the next 12 months from the Export-Import Bank. I do not think that we should take upon our shoulders the burden of the entire world. I do not think that we should loan money to the British so as to enable them to buy articles in Australia, and that is what this loan would do. Why cannot the Australians loan Great Britain the necessary money? Why should we undertake, as I say, to carry on our backs the burden of the entire world? That is the reason this program is adding up now to \$20,000,000,000 whereas, if we had attended strictly to the humanitarian desire to aid in getting industry started, we could have held the amount to five or six billion dollars.

Mr. FULBRIGHT. Is it not true that Canada, taking into consideration her national income, is loaning to Great Britain about 10 times as much as we are loaning to Great Britain, and that she is loaning the money on the same terms as we are proposing to loan it?

Mr. TAFT. That may be. If I were a Canadian, however, I would not be in favor of it.

Mr. FULBRIGHT. The Senator was not in favor of Bretton Woods either, was he?

Mr. TAFT. No. I have stated, however, that I am in favor of lending to foreign countries sufficient money to enable them to put their machinery in motion. When we try to put before us a picture of the world in which all currencies are exchangeable, it is a picture which I think we will never see, and when we loan three times as much as we are receiving in return, I think we are going far beyond the original purpose. So, my answer to the Senator from Arkansas is that I differ not only in the amount which should be loaned, but in the job which we should perform. The character of that job makes a difference in the amount which I would lend or give.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. TAFT. I yield.

Mr. JOHNSON of Colorado. It seems to me I recall that when the Bretton Woods agreements were being debated on the floor of the Senate, the Senator from Ohio raised the point, that the Bretton Woods agreements would not solve the problem, and that a loan would be sought by Great Britain. I may be mistaken in my recollection, but it seems to me that I recall an argument of that kind.

Mr. TAFT. Yes; but \$4,000,000,000 is beyond anything I ever thought would be sought. If we were to throw away Bretton Woods I would vote for this loan tomorrow. If we wish to accomplish whatever good can be accomplished by stabilizing currencies, it can be done as well by a loan to Great Britain of two and one-half billion dollars extra as by putting the money into Bretton Woods.

Mr. JOHNSON of Colorado. If the Senator will yield further, I should like to say that in my opinion the Senator is being entirely consistent, and that, as a crystal gazer, he certainly rates very high. At the time of the debate on the Bretton Woods agreements, he made the statement that he believed a huge loan would be sought by Great Britain in order to do the same thing that the Bretton Woods agreements were supposed to do. We have that situation before us now. So, as a forecaster, the Senator rates pretty high.

Mr. TAFT. I thank the Senator. It would not be a difficult forecast to make.

Mr. President, there is one other main argument which is being made on behalf of the loan. It is alleged that the loan may not be turned down because it will promote international good will. As a matter of fact, I think the reverse is the fact. The British feel that we should have made them a present of the funds they might need, and bitter statements have already been made about America in the press and elsewhere. The Senate will find many of those statements set

forth on pages 19, 20, and 21 of the record of the hearings.

Lord Croft said in the House of Lords:

I submit, therefore, that it is bad business. It is bad for the traders, bad for the workers, bad for shipping, bad financially, bad for the Dominions, and perhaps fatal to great areas of the vast Colonial Empire. * * * This today is the Boston Tea Party in reverse, an interference with the freedom of our country to manage its own affairs, an interference that I regard as unparalleled in the history of the world.

Mr. Littleton said on the floor of the House of Commons:

The terms of the loan are onerous; some of the machinery concerned with it is premature, some of the objections to the commercial arrangements are undeniably material, and many of the methods of attaining the arrangements are unworkable.

Lt. Col. Sir Thomas Moore said:

This loan and its indecently harsh terms takes no account of the toll, sweat, blood, and tears suffered by us * * *. It takes no account of the economic exhaustion * * * which this country has suffered through giving every ounce of its waning energy to save itself and America from disaster.

As is well known, the representatives of the Conservative Party for the most part refused to vote at all on the loan. So that they will be able to say that they never approved of it anyway.

The British people will not be pleased that the loan is made. The press has contained many criticisms of the United States. Other nations will regard the loan as a special favor to Great Britain, and will be indignant when they are required to pay higher interest rates, and accept proportionately smaller sums.

I have pointed out that loans do not make good will, either among men or nations. The good will created by this particular loan, if there is any good will connected with it, will be tremendously outweighed by 50 years of friction between our two nations. Every time the British pay \$140,000,000, the annual charge on the loan, they will groan heavily, and the press will recall what they consider harsh treatment to an ally in the war.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. TAFT. In just a moment. It is likely that in many cases the interest will be forgiven, and then everyone in the United States who does not like the British will rise up and denounce them for failing to pay the interest and imposing additional charges on the American taxpayer.

This loan is an instrument of ill will, and not an instrument of good will.

I now yield to the Senator from Arkansas.

Mr. FULBRIGHT. The Senator has emphasized, I think now for the second or third time, the fact that loans are not good business, either between men or nations. Does the Senator propose that we abolish all banks? It is perfectly ridiculous to say that a loan of money is a bad thing in carrying on business. Our whole economy is based on lending.

Mr. TAFT. In the first place, I am willing that we should make a few loans, through the Export-Import Bank, on a

commercial basis. I may point out that I do not think loans make for good will. Bankers are not likely to be the most popular men in the community. They always have a great many enemies.

Mr. FULBRIGHT. No one is supporting this loan on the basis of our trying to buy good will. That is purely incidental.

Mr. TAFT. I think one of the most powerful arguments for the loan is that it will be said, "Boys, this loan has been made. If you turn it down, England is going to be sore. We are going to have a lot of international bad will. They are going to pay. If you do not cooperate, there will be feeling between the two countries." That is one of the arguments made, though not by the Senator.

Mr. FULBRIGHT. If they will not cooperate, I think it will be from economic necessity. They have to follow the policy of restricting trade within the sterling area. That is not decided as a matter of friendship, nor is the present blocked sterling or dollar pool a matter of sentiment. They did not make those arrangements because they were trying to discriminate against us. The reference to sentiment seems to me wholly unwarranted. The Senator said loans between men or nations are bad.

Mr. TAFT. No; I did not say that. I said so far as loans between men are concerned, they never make for good will. That is a commonplace. The Senator will remember the quotation, "Neither a borrower nor a lender be."

Mr. FULBRIGHT. I know, but the United States is certainly a good example of the extensive use of credit in building up.

Mr. TAFT. I did not say anything against banking domestically. In fact, I expressly stated that I thought there should be no serious restriction on the lending of private funds abroad, or lending abroad by our banks. The greater part of my statement referred to the fact that one government lending another government money is a bad thing, on the whole, and I said so frankly.

Mr. FULBRIGHT. But it is the only feasible way in which a situation like the present can be dealt with.

Mr. TAFT. We have to make exceptions, I agree, at times, through the Export-Import Bank, but I always have opposed loans on a purely governmental basis. If the money is used for bona fide exports, to stimulate trade, I think it is all right, even though a loan is made through a government bank; but I do not believe in the long run the world is any better off through one government lending another government money, except in a great emergency. I recognize that we are in a great emergency, and I have said repeatedly that up to a reasonable sum, to replace losses in industry, to get the wheels of factories turning, I am in favor of making an exception in the lending of money, up to a reasonable limit.

Mr. FULBRIGHT. Is it not true that during the last century England, in the days of her prosperity, advanced large sums of money all over the world?

Mr. TAFT. For the most part I would say that was money loaned by private

persons, and not by the Government of Great Britain. To the extent Great Britain made government loans, they made them for political purposes, to promote the imperial development of the British Empire, and they accomplished that purpose. They sometimes subsidized allies, as we did in the case of lend-lease, but in general their expansion was due entirely to the development of private lending.

Mr. JOHNSON of Colorado. Mr. President, will the Senator from Ohio yield?

Mr. TAFT. I yield.

Mr. JOHNSON of Colorado. I merely desired to add that on Monday of this week I talked with a man who has spent a lifetime as a banker and lender of money, and he said that in his long experience he had never made a loan on a friendship basis that did not go sour, and he said he never had made a loan on a commercial business basis that had not turned out all right. He said he had made many loans, when folks would come in and endorse a note on a friendship basis, and that he had more trouble with friendship loans than with any others during the course of his banking experience. As the Senator from Ohio has pointed out, there is a distinction between loans made on an emotional, sympathetic, or friendship basis and loans made on a strictly business basis.

Mr. WHERRY. Mr. President, will the Senator from Ohio yield?

Mr. TAFT. I yield.

Mr. WHERRY. I should like to ask a question of the Senator from Ohio. If this loan is, as the Senator from Ohio has defined it, a Government loan, a political loan, or a friendship loan, whatever we may call it, and it is made, what will the effect be on our allies and other countries? They also would want Government loans, would they not?

Mr. TAFT. Under the policy proposed, under which we would loan \$2,000,000,000 of Export-Import Bank money that we have not spent, plus another billion and a quarter that has been requested, to other countries, what they will object to is that they will not get the loans at the interest rate charged Great Britain, or a loan containing any of the conditions attached to the British loan. They will object on that ground. Furthermore, the average amount they will get will look rather small compared with \$3,750,000,000.

Mr. WHERRY. Is not that one of the very points the Senator is emphasizing? When we make a Government loan instead of a commercial loan, it does not work for good will, not only with the country borrowing, but with other countries which would seek the same type of loan.

Mr. TAFT. Mr. President, in conclusion for the reasons that I have set forth, I believe the amount of this loan is unreasonable and its terms unwise. I do favor special treatment for the British people. I believe that \$1,250,000,000 would finance all of the goods which the British can buy in this country during the next 3 years over and above what they pay for exports to this country. We thus contribute to their raw mate-

rials and to the machinery necessary to set their economic machine in order.

I recognize that by reason of their vast outlay in the war, they should not be asked to repay this contribution. It is merely an appendix to the lend-lease policy. No resentment can arise out of it in the future. We are doing everything that this Nation can do in the way of production supply to help the immediate British situation.

Insofar as an improvement of the general world exchange situation is concerned, we have offered \$6,000,000,000 to Bretton Woods fund and the Bretton Woods bank, and we should permit its machinery to operate.

Therefore, Mr. President, I desire to offer an amendment in the nature of a substitute, as follows, to strike out all after the enacting clause and to insert the following:

The President of the United States is authorized to pay to the United Kingdom not to exceed the sum of \$1,250,000,000 upon the agreement of the United Kingdom that said sum will be used for purchases of goods and services in the United States during the years 1946, 1947, and 1948. Provided that the character of such purchases shall be subject to restriction under the provisions of the Export Control Act, and the President in his discretion may extend the time in which such purchases may be made.

Mr. President, I realize that this is a substitute, and an amendment which may be subsequently offered will take precedence over it, but I now offer the substitute.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Ohio.

Mr. WHITE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Alken	Hatch	O'Daniel
Austin	Hawkes	Pepper
Ball	Hayden	Radcliffe
Bankhead	Hickenlooper	Reed
Barkley	Hill	Revercomb
Bilbo	Hoe	Russell
Bridges	Huffman	Saltonstall
Buck	Johnson, Colo.	Shipstead
Bushfield	Johnston, S. C.	Smith
Butler	Kilgore	Stewart
Byrd	Knowland	Taft
Capper	La Follette	Taylor
Carville	Langer	Thomas, Okla.
Cordon	McCarran	Thomas, Utah
Donnell	McClellan	Tobey
Downey	McFarland	Tunnell
Eastland	McKellar	Tydings
Ellender	McMahon	Wagner
Ferguson	Magnuson	Walsh
Fulbright	Maybank	Wheeler
Gerry	Millikin	Wherry
Green	Mitchell	White
Guffey	Murdock	Wiley
Gurney	Murray	Willis
Hart	Myers	Wilson

The PRESIDING OFFICER. Seventy-five Senators having answered to their names, a quorum is present.

Mr. BILBO. Mr. President, I am not advised at this time how long I shall speak; but I have gone to the trouble to reduce to writing the philosophy of my address and the high points which I propose to discuss in the introduction of my subject. So after 10 minutes Senators will know what I am going to say

for the remainder of the week, because I shall spend the rest of the time in elaboration of the points which I recite in the beginning.

In the beginning I want it distinctly understood that I am pro-British, but I am tired of being a sucker and playing the role of Santa Claus to my cousins of the British Empire. In my judgment, any Member of Congress voting for this preposterous and unthinkable so-called agreement, commonly referred to as the British loan, will under all the rules of decency and honor be committed to vote for a loan of equal amount, more or less, to Russia, France, China, Italy, Greece, Belgium, Finland, and all the rest of our allies. A failure to go through with this lending spree which will be started by this loan will make them infamously inconsistent.

If we make England a present of approximately \$25,000,000,000 in lend-lease which President Roosevelt promised the American people would be repaid within a reasonable time after the war in similar materials or at our option in other goods of many kinds which they can produce and which we need, and \$4,400,000,000 in actual money and credit, including \$650,000,000 for which we are selling England over \$6,000,000,000 worth of surplus war materials at 6 cents on the dollar, then we are making a Christmas present to the British Empire of the total amount of \$29,400,000,000. It is unthinkable. All we get in return for this greatest Christmas present in the history of mankind is a few vague promises of possible trade advantages—promises by a socialistic government—promises that the proponents of this measure are not in a position to give us absolute assurance will be complied with. They do not pretend to do so. This socialistic government promises to pay us only 2 percent interest when we are making our own GI boys pay 4 percent interest on their loans. And even this 2 percent is to be forgiven and forgotten forever if at any time England says to Uncle Sam: "It is not convenient for us to pay."

Think of it. We do not have anything to do with it. Whenever England feels that it is not convenient for her to pay the interest, we are bound by this agreement to forgive it forever. It is not to be postponed, to be paid at some other time. We simply give it to them. Those who wrote this agreement were in a giving mood.

Of course, no promise to pay interest is made until 5 years after the loan is granted, or in 1951. I would wager dollars to doughnuts that if I were to advocate on the floor of the Senate a bill to lend money to our GI boys for homes, and if I were to propose that we should not charge them interest until after 5 years, some Senators would object to it. This proposal, in effect, means that England proposes to pay but 1.62 percent interest on the loan, when our GI boys are still paying 4 percent on their little loans, whether convenient or not. If our GI boys fall to pay any part of the principal or interest on their little Government loans, they will be promptly closed out, sold out, kicked out of all their earthly possessions. This is the situation facing

us, notwithstanding the fact that England owes us more than \$6,000,000,000 from her debts after World War I, and notwithstanding the fact that we have sacrificed the lives of hundreds of thousands of our boys and today we face a war debt, in addition to what we have already spent, of nearly \$300,000,000,000 with the obligation to spend many billions more for compensation, pensions, hospitalization for widows and the unfortunate maimed and crippled, most of whom will go through life as war casualties, and with the addition of a bonus which we owe and must pay for the services of the boys who have saved England and her empire in two world wars.

Yes; the English helped us win these wars; they had it to do to save themselves, but they would have been wiped off the face of the earth in both wars had it not been for the lives, blood, and sacrifices of the American people. In the face of all this and more, England does not propose nor expect to pay the 6 billions she already owes us, nor does she expect to pay the \$4,400,000,000 involved in this transaction or loan.

Few of the sponsors of this outrageous agreement in their hearts expect this money to be repaid. It is another gift. We know it and the English know it.

England has already announced that when she gets this money—she has already made out her budget and included this loan in her calculations—she is going to reduce the taxes of her people while we are raising ours. Let me read an announcement published by the Journal-American of New York on April 9:

BRITAIN MAKES HEAVY SLASH IN TAX IN EXPECTATION OF LOAN FROM UNITED STATES

LONDON, April 9.—Hugh Dalton, Chancellor of the Exchequer, announced today that Britain's 60-percent excess-profits tax has been repealed, as of December 31, 1945.

He said that and other reductions were based on the anticipation of approval of the American loan and that if it fails we shall at once have to take restrictive measures to reduce imports, especially those affecting American dollars.

He cut purchase taxes on a long list of items reducing the levy from 100 percent to 33½ percent on phonographs and phonograph equipment and lowered the sports entertainment tax except for horse, motor, and dog races.

He announced that workers' contributions under the National Insurance Act would be exempt from income tax, relieving an estimated 156,000 persons of income tax.

He also made two small changes in low-level income taxes, increasing the basic exemption of working women by \$120 to \$440. The earned-income allowances was boosted from one-tenth to one-eighth.

Mr. President, at this point I wish to relate a little incident. An English newspaperman, one of the smooth operators of the English propaganda machine in America, called to see me. He wanted to discuss the proposed English loan. I said to him, "Before we discuss the new loan, let us talk about the old loan."

He said, "Well, that has not been brought up."

I said, "I will bet you that in the negotiations between our representatives"—Jimmie Byrnes, Fred Vinson, and others—"and the English representatives

headed by Lord Keynes"—who died the other day, and I think this loan had something to do with his death—"the \$6,000,000,000 which England owes us from World War No. 1 was never mentioned."

He said, "Yes; I understand it was not brought up throughout the negotiations."

Mr. President, the British loan propaganda has tried to win support of the American cotton growers and American cotton industry by making them believe that this loan is necessary in order to create markets for American cotton. Time after time have I had friends from the South who are interested in cotton say, "Are you against this loan—and you from the Cotton Belt?" I have said, "Certainly." One of the proponents of this loan who made a speech in North Carolina said that the price of cotton would go down to 6 cents or 7 cents a pound if the United States does not lend this money to England. But there is not a word of truth in that statement. It is merely a part of the propaganda to get Senators to vote for this unthinkable loan. Already the socialistic government of England has abolished the English cotton exchanges and has announced that England will buy her cotton for her textile mills, not in open markets, but through agents representing the socialistic government of England. Let us see who are those representatives of the English Government.

Mr. President, under the socialistic scheme of government in England trading in cotton is a thing of the past. They are going to buy cotton through government agencies, and at the lowest price—the best price for them. That means that England proposes to buy her cotton at world price-levels, and it certainly means that not a bale of American cotton can be exported and sold to England unless the American government subsidizes either the cotton growers or the exporters of American cotton. All of us are getting fed up on subsidies. Under our standard of living and the cost of production to the American cotton farmer, we cannot grow cotton and sell it at the world price-level. South America is growing cotton, and is one of our competitors. Egypt is growing cotton, and she is another of our competitors. India, China, and the islands of the seas are growing cotton. In view of the cost of production in those countries, where labor is cheap—perhaps as little as 10 cents or 20 cents a day—does not every cotton grower in the United States know that we cannot compete at the world price-level in the sale of American cotton, which costs from 25 to 40 cents a pound to grow? The only way we can sell American cotton to England, under her socialistic scheme of government, is to subsidize the cotton grower or the cotton broker who is selling the cotton. That is what we shall have to do before we shall be able to obtain any cotton trade with England. So we can forget about having England buy our cotton.

Of course, everyone who stops to think must know that very little, if any, of this loan will be spent in America. That is one of the vague promises which is made

in connection with the proposal. We are promised that the English will spend some of the money in America. Instead, England is going to use the money to build up her own world trade in competition with ours, and perhaps to give a bonus to her soldiers, to enable her to maintain an armed force to protect her tottering Empire "upon which the sun never sets."

Instead of giving these billions of dollars to England, which controls one-fifth of the land area of the earth, possessing more natural resources than the United States does, and with one-fourth of all the people of the world under her dominion, or, instead of giving this money to other European countries, let us pay our GI boys—not for promises which will never be fulfilled but for services already rendered—\$3 a day for every day of military service in this country—here at home—and \$4 a day for every day of service abroad, in Europe, Asia, Africa, or the islands of all the seas of the earth. Under that plan, let us pay not to exceed \$3,500 to those who served at home in our armed services and not to exceed \$4,500 to those who served abroad. Call it a bonus if you will, but they are entitled to it.

If the distinguished sponsors of this \$29,000,000,000 Christmas present to England think the United States is able to finance England, after we have won two wars for her, they should also stop to remember that the Senator from Florida [Mr. PEPPER] has got to have about \$6,000,000,000 for Russia, and then we have got to have some money for other countries. Mr. Blum has been in the United States for months, propagandizing the American press and radio, trying to obtain money for France. He says she needs \$6,000,000,000. China must have some money, and so must Belgium, Czechoslovakia, Greece, and perhaps Italy. It will mean approximately \$20,000,000,000 before we get through with the spree.

Mr. President, if we are willing to impose a tax upon our people to the extent of \$45,000,000,000 or \$50,000,000,000 in lend-lease goods, war supplies, materials, and gold, let charity begin at home. I will promise you that you will earn in that way the love and support of every GI in America and all his loved ones. You will give them an economic status and start in life that will make this country blossom like the rose, and I can safely assure you that every dollar of the billions of dollars justly earned and owed to our boys will be spent in America and for Americans, for our growth and development.

I plead with my colleagues not to be misled, not to be bamboozled by all the English propaganda with which this country has been flooded by the radio, press, and otherwise. We are not to be blamed if we are fooled once and our people are defrauded of their money by England; but if we let that occur again, we are to blame, and the people of this country, especially the GIs, will hold us to accountability on the judgment day—election day.

If I had all the money that England has spent in propaganda trying to be-

fuddle the congressional mind and to walk off with this bag of gold, I would retire for life. I might decide to buy a little Rhode Island and convert it into a deer park and ask my two colleagues from that State to remain as protectors.

Mr. President, the address which I shall make on this occasion has a twofold purpose. I wish to discuss the proposed loan of \$3,750,000,000 to Great Britain, and also to make a special appeal to the Congress on behalf of the veterans of World War II. My address today is directed against the British loan, but this is indeed a proper and fitting occasion on which to speak out for the rights of the men and women who so gallantly served this Nation during World War II.

Having served approximately 20 years in public office, I have had the opportunity on many occasions of being of help to the men and women who, in uniform, served their country. I was the Governor of my State during the First World War, and my public record in Mississippi and in Washington shows that I have always been the veterans' friend. It has afforded me a great deal of pleasure to work with and help our veterans, and I have always done so to the best of my ability. I have always been interested not only in our service men and women, but my interest has now been intensified, and is indeed greater than it has ever been before.

The special interest which I now have in veterans of World War II will be understood by every father and mother who had a son who served in that bloody conflict. My only son was engaged in World War II from its very inception until its close, and he is now on duty, occupationally, at Nuremberg, Germany. He fought under General Patton with the famous Third Army which spearheaded the drive across Europe. I am proud of my son, and I am proud of every American boy and girl who answered this Nation's call to arms. They went forth to battle and won the victory for us and England. We cannot do too much for them.

This Nation paid in full for the victory which is now ours. The white crosses on foreign fields will forever stand as silent reminders of the sacrifices which were made. There is nothing except honor and verbal tribute which we can do for the brave fighters who fell in battle, but there is, indeed, much which we can and must do for those who have returned, or soon will return, to their homes and their families.

Mr. President, I am opposed to the proposed loan to Great Britain. Instead of lending this money to Britain or to any other country, I suggest and urge that we use it to benefit the veterans of World War II. The proposed loan amounts to a total of \$3,750,000,000, and it is my opinion that it should not be approved by the Congress of the United States.

The Senate and the House of Representatives of the Congress are being asked to approve Joint Resolution 138, which is now before the Senate and which will authorize the Secretary of the Treasury to provide and use the amount of \$3,750,000,000 to carry out the

financial agreement made between the United States and the United Kingdom dated December 6, 1945.

The title of the joint resolution which, if approved, will authorize this \$3,750,000,000 loan to Great Britain, is as follows:

To implement further the purposes of the Bretton Woods Agreements Act by authorizing the Secretary of the Treasury to carry out an agreement with the United Kingdom, and for other purposes.

I ask Senators to note those words, "and for other purposes." Then, I read the preamble of the resolution:

Whereas in the Bretton Woods Agreements Act the Congress has declared it to be the policy of the United States "to seek to bring about further agreement and cooperation among nations and international bodies, as soon as possible, on ways and means which will best reduce obstacles to and restrictions upon international trade, eliminate unfair trade practices, promote mutually advantageous commercial relations, and otherwise facilitate the expansion and balanced growth of international trade and promote the stability of international economic relations."

There is no suggestion in the statement which I have read of anyone being required to foot the bill in order to obtain those results.

I continue reading:

Whereas in further implementation of the purposes of the Bretton Woods Agreements, the Governments of the United States and the United Kingdom have negotiated an agreement dated December 6, 1945, designed to expedite the achievement of stable and orderly exchange arrangements, the prompt elimination of exchange restrictions and discriminations, and other objectives of the above-mentioned policy declared by the Congress: Therefore be it

Resolved, etc., That the Secretary of the Treasury, in consultation with the National Advisory Council on International Monetary and Financial Problems, is hereby authorized to carry out the agreement dated December 6, 1945, between the United States and the United Kingdom which was transmitted by the President to the Congress on January 30, 1946.

I suggest to my colleagues who are contemplating voting for this preposterous proposal that they read that document in full. I have a copy of it before me. It is entitled "Anglo-American Financial and Commercial Agreements." A reading of it will open the eyes of Senators if they will analyze it.

I continue reading from the joint resolution:

SEC. 2. For the purpose of carrying out the agreement dated December 6, 1945, between the United States and the United Kingdom, the Secretary of the Treasury is authorized to use as a public-debt transaction not to exceed \$3,750,000,000 of the proceeds of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that act are extended to include such purpose. Payments to the United Kingdom under this joint resolution and pursuant to the agreement and repayments thereof shall be treated as public-debt transactions of the United States. Payments of interest to the United States under the agreement shall be covered into the Treasury as miscellaneous receipts.

I do not know why there should be any talk about covering the collection of interest into the funds of the United States

Treasury, because no interest payments would be made. Great Britain is not required to pay any interest on the date mentioned, according to the agreement, unless it is convenient for her to pay it, and Great Britain has the right to say when it shall be convenient. It has not been convenient for her to pay \$6,000,000,000 which she already owes the United States, and has owed for many years, or to pay even the interest on that amount. Senators will see that there is a double incentive for England to say that it is not convenient to pay interest, because whenever the year's interest is claimed by England to be inconvenient to pay, it is forgiven forever. She never will pay it. She not only could postpone the payment, but actually receive the money as a Christmas present. Three billion seven hundred and fifty million dollars is quite an item, even if it is loaned at the rate of only 1.6 percent.

There are two separate parts to the December 6 agreements made between the representatives of our Government and those of Great Britain. The first of these provides for the definite settlement of our lend-lease claims against Great Britain, and the other is the agreement by which we are to make the loan of \$3,750,000,000 to Britain.

The first agreement stipulates that England is to pay us \$650,000,000 to settle all the lend-lease claims which the United States has against Great Britain. During the war we advanced to Britain supplies, goods, and services which amounted to some \$25,000,000,000 after reverse lend-lease claims had been deducted, and by this agreement we are marking off this tremendous sum of \$25,000,000,000 if England will agree to pay us \$650,000,000. I do not wish to make a display of my own indebtedness, but I would be the happiest man in America if I could pay off my debts at that rate of deduction.

Mr. President, this is a settlement of approximately 2½ cents on the dollar and not only finally and completely settles all that Britain owes us for lend-lease materials and supplies, but gives to Britain all surplus property belonging to the United States and still remaining in the United Kingdom. Furthermore, England is not paying us the \$650,000,000, but will settle the debt at some time in the future, \$50,000,000 at a time. I shall call attention to that in a few moments.

Mr. President, the second agreement provides for the \$3,750,000,000 loan by the United States Government to the government of Great Britain. The agreement provides for an interest rate of 2 percent, but since there is no provision for interest for the first 5 years, or until 1951, the net interest on this loan will amount to only 1.62 percent. The loan is to be repaid in 50 annual installments, beginning in 1951.

Now let us look at the specific terms of this proposal under which we are to account for a total of \$4,400,000,000, and which, if it is approved, we might as well classify as what it will actually become—an outright Christmas gift.

Mr. President, there is something funny about the English. They want Christ-

mas every day in the year. The first agreement concerning lend-lease should be clearly understood by the American people. The second agreement providing for the \$3,750,000,000 loan seems to have been given more publicity, and is more generally understood than the lend-lease settlement which is also a part of the December 6 agreements. Someone will deny that statement, but the denial cannot be substantiated.

Under the terms of the lend-lease settlement we agree to write off our entire claim against Britain for lend-lease materials and supplies furnished that nation during World War II in return for a settlement of \$650,000,000. In order that we may fully understand the part played by the United States in furnishing aid to Great Britain as well as to other countries who were allied with us in the war, the following table showing lend-lease aid by countries as listed by the President of the United States follows:

March 1941 to Oct. 1, 1945

Country:	Amount
British Empire.....	\$30,269,210,000
U. S. S. R.....	10,801,131,000
France.....	1,406,600,000
China.....	631,509,000
American Republics....	421,467,000
Netherlands.....	162,157,000
Greece.....	75,416,000
Belgium.....	52,443,000
Norway.....	34,640,000
Yugoslavia.....	25,885,000
Other countries.....	43,284,000
Aid not charged to foreign governments....	2,082,249,000

That is just lagniappe on the side.

So the total lend-lease aid in this war has been \$46,040,054,000.

Oh, think of what we could do for this country by an expenditure of \$46,000,000,000 on roads, school houses, public buildings, beautification projects, and on homes for the homeless today, and cleaning up slums, starting in Washington.

Of the approximately \$46,040,000,000 of lend-lease, Great Britain received about \$30,125,000,000. England always gets the lion's share. After approximately \$4,125,000,000 worth of reverse lend-lease which Britain is said to have furnished the United States have been deducted, the British debt to us is still between 25 and 26 billion dollars. This is the debt which we are now about to settle for \$650,000,000 or about 2½ cents on the dollar. No one need tell me the English are not good horse traders. Fred Vinson and Jimmy Byrnes did not have a chance.

Mr. President, I now wish to read from the agreement as set forth in a joint statement issued by the United States and the United Kingdom, pages 4, 5, and 6. It will be a revelation.

1. The Governments of the United States and the United Kingdom have reached an understanding for the settlement of lend-lease and reciprocal aid, for the acquisition of United States Army and Navy surplus property, and the United States interest in installations, located in the United Kingdom, and for the final settlement of the financial claims of each government against the other arising out of the conduct of the war. Specific agreements necessary to implement these understandings, setting forth the terms in detail, and consistent herewith, are in the course of preparation and will shortly be completed.

2. This settlement for lend-lease and reciprocal aid will be complete and final. In arriving at this settlement both governments have taken full cognizance of the benefits already received by them in the defeat of their common enemies. They have also taken full cognizance of the general obligations assumed by them in article VII of the mutual-aid agreement of February 23, 1942, and the understandings agreed upon this day with regard to commercial policy. Pursuant to this settlement both governments will continue to discuss arrangements for agreed action for the attainment of the economic objectives referred to in article VII of the mutual-aid agreement. The governments expect in these discussions to reach specific conclusions at an early date with respect to urgent problems such as those in the field of telecommunications and civil aviation. In the light of all the foregoing both governments agree that no further benefits will be sought as consideration for lend-lease and reciprocal aid.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. BILBO. I am glad to yield.

Mr. AIKEN. I ask unanimous consent that I may be absent from the sessions of the Senate the rest of this week.

The PRESIDING OFFICER. Without objection, the leave is granted.

Mr. AIKEN. I thank the Senator from Mississippi for yielding. I am sorry I shall not be present to hear the rest of his address.

Mr. BILBO. I hope the Senator will have time to read it in the RECORD. I shall be glad to yield to any other Republicans who desire to go. [Laughter.]

Mr. AIKEN. The Senator's wish is granted. They have all gone. [Laughter.]

Mr. BILBO. Mr. President, I read further from the agreement:

3. The net sum due from the United Kingdom to the United States for the settlement of lend-lease and reciprocal aid, for the acquisition of surplus property, and the United States interest in installations, located in the United Kingdom, and for the settlement of claims shall be \$650,000,000 subject to the accounting adjustment referred to below.

4. The total liability found to be due to the Government of the United States will be discharged on the same terms as those specified in the financial agreement concluded this day for the discharge of the credit provided therein.

5. In addition to the financial payments referred to above, the two governments have agreed upon the following:

Listen to this:

(a) Appropriate nondiscriminatory treatment will be extended to United States nationals in the use and disposition of installations in which there is a United States interest;

(b) Appropriate settlements for the lend-lease interest in installations other than in the United Kingdom and the colonial dependencies will be made on disposal of the installations;

(c) The United States reserves its right of recapture of any lend-lease articles held by United Kingdom armed forces, but the United States has indicated that it does not intend to exercise generally this right of recapture;

Still giving and giving, and yielding and yielding:

(d) Disposals for military use to forces other than the United Kingdom armed forces of lend-lease articles held by the United Kingdom armed forces at VJ-day, and disposals for civilian use other than in the

United Kingdom and the colonial dependencies of such lend-lease articles, will be made only with the consent of the United States Government, and any net proceeds will be paid to the United States Government.

Very well.

The United Kingdom Government agrees that except to a very limited extent it will not release for civilian use in, or export from, the United Kingdom and the colonial dependencies lend-lease articles held by the United Kingdom armed forces.

Have Senators noticed the wording of that part of the agreement?

The United Kingdom Government agrees that except to a very limited extent—

And England is to be the judge of that limitation—

it—

The United Kingdom Government—

will not release for civilian use in, or export from, the United Kingdom and the colonial dependencies lend-lease articles held by the United Kingdom armed forces.

(e) The Government of the United Kingdom will use its best endeavors to prevent the export to the United States of any surplus property transferred in accordance with this understanding.

She is going to use her best endeavors; that is all. That is just a kind of a hazy promise. Of course the business interests and manufacturing interests of this country did not want all these materials returned to the United States and here disposed of, because it would interfere with the orderly disposition of their articles of manufacture in the days to come.

6. The Government of the United Kingdom agrees that, when requested by the Government of the United States—

Mr. President, I call particular attention to paragraph 6 of the agreement. I cannot understand how any Senator or Representative can vote for the bill when this paragraph is in the agreement.

6. The Government of the United Kingdom—

That is England—

agrees that, when requested by the Government of the United States from time to time prior to December 31, 1951, it will transfer—

Note the word "transfer"—

it will transfer, in cash, pounds sterling to an aggregate dollar value not in excess of \$50,000,000, at the exchange rates prevailing at the times of transfer, to be credited against the dollar payments due to the Government of the United States as principal under this settlement. The Government of the United States will use these pounds sterling exclusively to acquire land or to acquire or construct buildings in the United Kingdom and the colonial dependencies for the use of the Government of the United States, and for carrying out educational programs in accordance with agreements to be concluded between the two Governments.

Do Senators appreciate just what that language means? We have settled the \$25,000,000,000 of lend-lease, which President Roosevelt said would be paid back to the American taxpayers in goods, wares, and merchandise in the kind that England would produce and the kind which we needed, but instead of carrying out the promise which President Roosevelt said was made, they are selling out,

closing out, and canceling out the \$25,000,000,000 and about \$6,000,000,000 worth of material which is over there now, stacked up in England, property which we ourselves are actually looking after, and paying the bill for looking after it, too. As I said, we are settling it all for \$650,000,000, and that \$650,000,000 is to be cleared up by 1951, \$50,000,000 at a time whenever we ask them to do so. But they are not going to ship any money over here. They are not going to give us any of this money to reduce our own \$300,000,000,000 of indebtedness. They are going to transfer it on the books to the credit of the United States, and then the United States must take it \$50,000,000 at a time—\$650,000,000 altogether—and spend every dollar of it on the soil of the British Empire. Spend it for what? I will read that again to the Senate:

The Government of the United States will use these pounds sterling exclusively to acquire land or to acquire or construct buildings in the United Kingdom—

Build houses for their people on their land—

and the colonial dependencies for the use of the Government of the United States, and for carrying out educational programs—

For whom? For Americans? Oh no, for Englishmen or citizens under the British Empire—

in accordance with agreements to be concluded between the two governments.

Of course, we are going to get the governments to agree to the educational programs, and so forth.

Mr. President, I do not understand how any Member of the Congress can put the stamp of his approval upon a settlement of that kind. First we give the British \$25,000,000,000. Then we give them all the surplus war property in England. We do that at a time when our returned GI boys in this country are crying for it, and it could be shipped over here and could be used by our GI boys, jeeps, trucks, and various other kinds of material necessary for their use in establishing themselves. They are crying for these things, and \$6,000,000,000 worth of them are stacked up in England. We are giving it all to the British, as well as the \$25,000,000,000, for \$650,000,000, and then the British require that we spend the \$650,000,000 on the territory of the British Empire, and it is to be used to buy land, to build houses, and for the establishment of educational facilities for the British. God knows we need educational facilities for America. In the hills and mountains of Pennsylvania there will be found people who need education, just as people need it down in Mississippi. And the same thing is true all over the country. Yet some of our friends have been persuaded to swallow this English propaganda which is put out over the radio and by many newspapers. Thank God, some radio stations and some newspapers have not fallen for it. I will discuss that matter after a while.

I read further:

7. The arrangements set out in this statement are without prejudice to any settlements concerning lend-lease and reciprocal aid which may be negotiated between the Government of the United States and the

Governments of Australia, New Zealand, the Union of South Africa, and India.

Thus, we have offered to settle our \$25,000,000,000 lend-lease claim against Britain for \$650,000,000, and even this is not to be a cash settlement. On the other hand, we are extending credit to England to this amount, and she is to settle with us at some future date. Furthermore, our negotiators evidently thought it would be much too harsh for us even to ask England to pay us the \$650,000,000—the 2½ cents on the dollar—at this time or at any time in the future. Thus, there are terms to mitigate the harshness and make the settlement more acceptable to the gentlemen with the monocles.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from Mississippi suffer an interruption?

Mr. BILBO. I yield.

Mr. JOHNSTON of South Carolina. I believe the Senator stated that the British would give us \$650,000,000 in settlement for the lend-lease. Is that correct?

Mr. BILBO. For the lend-lease and the war materials now in England; yes.

Mr. JOHNSTON of South Carolina. But does the Senator think they will really pay us that amount?

Mr. BILBO. No; they say they are not going to pay us. They are going to transfer it, give us credit for it, and we can spend it over there by building houses, buying land, making improvements, and inaugurating educational programs for the hundreds of millions who are under the British yoke.

Mr. JOHNSTON of South Carolina. That situation is much like the situation which existed many years ago in the South. There was in effect a "lienor's law," as I believe it was called, under which a man could borrow money on his crop at the beginning of the year, and would get the money he had borrowed in the form of a pair of shoes, or a pair of overalls, or other articles along through the year. So Great Britain is going to let us have, in effect, a pair of overalls or a pair of shoes but will not give back to us any of our jeeps, so our returning soldiers might obtain and use them.

Mr. BILBO. It is provided specifically that England will not ship any of those goods back to the United States. That is taken care of.

Mr. JOHNSTON of South Carolina. That being true, we can understand why the soldier boys are not getting any jeeps at the present time, can we not?

Mr. BILBO. That is partly the reason. I do not know whether the GI's of this country will ever understand all that is involved in this proposal, but if and when they do, some Members are not going to be returned.

The \$650,000,000 not only settles all our claims to the \$25,000,000,000 worth of materials and supplies furnished Great Britain before VE-day and before VJ-day, but we are also relinquishing our claim to the surplus property belonging to the United States Government but still in the United Kingdom. By the way, we are paying for the care of this stuff. Airfields, installations, equipment, and

property costing the taxpayers of the United States billions of dollars are now being turned over to the Government of Great Britain. Of course, England does agree that the military equipment will not be given to any armed forces except those of the United Kingdom without the consent of the United States. That is some promise we are given. They say they will not give it to anyone else to prevent the export to the United States fight with except their own soldiers, unless we agree to it. England further agrees that it will use its "best endeavors" of any of the surplus property belonging to the United States and turned over to Britain under this agreement.

They are going to use their "best endeavors." Of course if they take a notion to make a good trade in New York or somewhere else that stuff will be shipped over here, and there will be nothing done about it. There is no way to do anything about it. No one can be punished. No one can be penalized. There is no sanction which can be used. England just says, "We will use our best endeavors." That means nothing.

After our negotiators drove such a hard bargain—I trust Senators will understand I am trying to be sarcastic—by making England agree to pay \$650,000,000 for \$25,000,000 worth of materials and supplies, it is really amazing that they were able to persuade the British to do their best not to export any of the now surplus property back to the United States.

According to this agreement, when is England going to pay us the \$650,000,000—the 2½ cents on the dollar for which we propose to settle this lend-lease claim? It is impossible to ascertain when or how this money is going to be paid. The United States agrees to ask for payments not to exceed \$50,000,000 at any given time but there is no date set for the payments to begin. It seems that the United States agrees to request payments from time to time prior to December 31, 1951, and England promises to transfer pounds sterling to an aggregate dollar value not in excess of \$50,000,000 at the exchange rates prevailing at the time of the transfer.

For what purpose are we going to use these payments of \$50,000,000? Mr. President, the answer to this question should be quite a revelation to the American people. To settle a \$25,000,000 debt for \$650,000,000 and then agree to accept even this in payments of \$50,000,000 was evidently driving too hard a bargain in the opinion of our American-British negotiators. Therefore, the following provision is contained in the agreement:

The Government of the United States will use these pounds sterling exclusively to acquire land—

Why should we wish to buy land in the British Empire?—

or to acquire or construct buildings in the United Kingdom and the colonial dependencies for the use of the Government of the United States, and for carrying out educational programs in accordance with agreements to be concluded between the two Governments.

I can imagine representatives of the United States going to England and seek-

ing a conference with some of the representatives of the Socialist government—it may be communistic before we get to the use of this money—to put on an educational program in India, South Africa, or somewhere else in the British Empire.

By the terms of this agreement, the payments of \$50,000,000 will never come to the United States. That is specifically understood. They cannot be used to pay off part of the great debt which this Nation owes; they cannot be used to benefit the American people as a whole; they cannot be used to benefit our veterans; they cannot be used in the manner which we may think at that time would best serve our interests. These payments of \$50,000,000 must remain in the United Kingdom; they must be used to construct buildings or to acquire property within the United Kingdom. Just what property or buildings the United States will need from time to time will cost \$50,000,000 is not explained, but the provision that the money must be spent in Great Britain is absolutely mandatory.

Mr. President, I have always had great respect for the British. They have a great genius for ruling. They are great traders. We now have before us a demonstration of the innate ability which seems to be characteristic of the British ruling class.

Of course, some of this money may be spent to carry out educational programs, but under this indefinite, vague scheme the money will still remain in England. There is no explanation as to the kind of educational program which this will be or as to the purpose therefor. But there is one thing that we can be sure of, and that is that the program will be carried on in Britain and not in the United States. If England should go communistic—and I have heard it stated that if we did not lend them this money they would go communistic—I can imagine President Truman selecting men to go over and set up an educational program for a communistic government. I do not know whom he would send—yes; I do. We may be sending students over to be educated in England and to study the socialistic Government under this plan, but we may be assured that England is not agreeing to send students to America to learn about our system of free enterprise and the real American way of life.

That is the pitiful part of it. We shall not have an opportunity to teach some of the English a little Americanism. Of course, there are many people in this country who need teaching. America has been called the great melting pot of the world; but in some spots at the present time Uncle Sam is short of heat, and they are not melting very fast. In other words, England will be doing the educating and carrying on the propaganda, and she will be doing it at our expense and with our money.

There are two observations which I wish to make before leaving this part of the agreement, which deals with lend-lease. First, the proposal to settle the lend-lease debt of some \$25,000,000,000 for \$650,000,000 is tantamount to a gift of all lend-lease to Great Britain including the surplus property. If we are go-

ing to mark the debt off—cancel it and call it paid—we might as well tell the American people what we are doing and not try to delude them into believing that our lend-lease claims or even a reasonable part of them are being paid. I believe that the American people ought to know that President Roosevelt promised them that the lend-lease aid which we were sending over so lavishly, and for which we ourselves made sacrifices, would be paid back to us in time. The man who made that promise is dead. Now we find some of our negotiators canceling out, once and for all, the entire \$25,000,000,000. It was looked upon as a loan. In reality it is a gift. We gave them that much, and now they are trying to get \$3,750,000,000 more. Cannot England ever be satisfied? Nothing is said about the \$6,000,000,000 which she already owes us.

Second, it is certain that the \$650,000,000 settlement will never reach the United States. The terms of the payment of this 2½-cents-on-the-dollar settlement are indefinite and vague, but if it is ever paid, the money will be spent in the United Kingdom and not in the United States.

The second agreement provides for the loan of \$3,750,000,000 to the Government of Great Britain by the Government of the United States. The proposal states that we shall lend this money to Great Britain at 2 percent interest, payment on the principal and interest not to begin until 1951, and then the payments are to be extended over a period of 50 years.

As I understand, if we lend them the \$3,750,000,000 today, 5 years from now, after they have had the use of it, they will still owe us \$3,750,000,000. In other words, interest does not accumulate in those 5 years, to be added to the principal, as would be the case if one were to borrow money from a bank.

Although the interest rate is stated at 2 percent, we find that after allowing 5 years' interest free, the average interest rate on the loan will be only 1.62 percent. And this rate of 1.62 percent does not have to be paid every year. The agreement provides that no interest will be charged during any year when the United Kingdom is able to show an unfavorable international exchange position and says it is not convenient. If this should happen during half the years when our interest is due, then the rate would drop to less than 1 percent. In other words, during the life of the alleged loan if England should come to us in half those years and say, "It is not convenient for us to pay interest," and we should forgive the interest, that action in itself would reduce the interest which they would pay to 1 percent or less.

Where are we going to get this money we are offering to lend to Britain? The United States will have to borrow the \$3,750,000,000 from the taxpayers of this Nation in one way or another. We can indulge in all the roundabout excuses and justifications we wish; but in the end it is coming out of the hide of the American taxpayer. Put that in your pipe and smoke it.

Our Government cannot borrow the money interest free, and it cannot borrow the money for the rate of interest which

Britain is supposed to pay under the terms of the agreement. Luckily I have in my possession a coupon bond of this Government. The Government is paying me 2½ percent interest on my little investment. Many millions of Americans have such bonds. Uncle Sam is paying our citizens 2½ percent interest on those bonds. And yet, notwithstanding the fact that the United States Government must pay 2½ percent interest to get money to carry on, our negotiators are arranging to let Britain have \$3,750,000,000 at a lower rate of interest than we ourselves can get from the American Government. The thing becomes worse the further we go.

During recent years the United States has been borrowing money from its citizens and it has been paying an average interest rate of 1.92 percent. Thus, we see that if Britain actually pays the 1.62 percent interest, and pays it every year, that Government will be paying less interest than the United States will be paying for having borrowed the money from United States citizens. In other words, there will be a substantial loss to this Government to the extent of the difference between the interest which Britain will pay us—if the British Government chooses to pay, if it is convenient for it to pay—and the interest which we shall be paying for the borrowed money.

So we are going to lose. Let us see about that. If we were to lend the money to Britain at 2 percent, after having borrowed it at 1.92 percent, the payment of \$2 on every \$100 would give us a profit of 8 cents on every \$100 of the loan. However, we are asked to make the loan at the rate of 1.62 percent, which means that there will be a clear loss of 30 cents a year on every \$100 of the loan which our Government proposes to make to Britain. That is wonderful business on the part of the Secretary of the Treasury and the Secretary of State. I do not want to be personal in my remarks, but the English negotiators must have had them equipped with British monocles when they were figuring on this proposal.

Even payment at the rate of 1.62 percent is by no means guaranteed. If the British wish to skip a year in the payment of interest, they will be able to do so by doing only a little more than getting in touch with the President of the United States. That is true because the terms of the waiver-of-interest clause commit the United States to waive the interest payments practically every time that the British insist that it is not convenient for them to pay. In that event, we shall lose more than 30 cents on every dollar of the \$3,750,000,000. I ask Senators to consider that before they vote for the pending measure. Section 5 of the agreement provides:

In any year which the Government of the United Kingdom requests the Government of the United States to waive the amount of the interest due in the installment of that year, the Government of the United States will grant the waiver if the Government of the United Kingdom finds that a waiver is necessary in view of the present and prospective conditions of international exchange and the level of its gold and foreign exchange reserves.

The above provision of granting a waiver of interest is also subject to confirmation by the reports and forecasts on internal economic conditions in the British Empire, but that is something which the United States could not either confirm or contradict. In other words, we shall, in effect, have to waive the interest payments whenever—and every time—Britain requests it and says it is not convenient for her to pay. Mr. President, I tell you that these English lords are horse traders.

The terms and conditions of this proposed loan of \$3,750,000,000 to Britain certainly bear little, if any, relationship to business principles. What is Britain going to give us in consideration for our making this loan, which will cost our taxpayers, who are already overburdened, billions of dollars? The British agree that within 1 year after the loan agreement has been ratified by our Congress and approved by the British Parliament, they will eliminate the dollar pool which they now control. In doing away with that pool and abolishing the so-called sterling bloc, the countries of the British Empire and a few others who belong to that bloc would be able to use their current dollar receipts without restriction. That means that if we should buy something from India or some other of the countries who are members of the Empire, that country could accept our dollars and use them in any way which seemed desirable. With the present dollar pool in effect, those countries concentrate their dollars in London, and can use them only at the pleasure of Britain. They give the dollars to Britain and accept sterling in return. In the proposed agreement, Britain offers to remove "any discrimination arising from the so-called sterling-area dollar pool" as early as practicable, and not later than 1 year after the effective date of this agreement, unless in exceptional cases a later date is agreed upon after consultation.

Mr. President, in conversation with one of the British propagandists, he held his sterling bloc as a club over my head, and said to me, "If you do not loan us this money, we shall be forced to perpetuate our sterling bloc, and you will not be able to do any business with us."

I said, "Well, if you threaten me and try to intimidate me, and mean to say that we cannot do business without you, you just have another guess coming." That is true, Mr. President, because England is going to need us in the business world and the trade world as much as we need England; in fact, more so. Whenever England has been in trouble in the past, we have come to her rescue. We have saved her twice. She would have been driven into the sea if we had not saved her with our materials, supplies, and suffering and sacrifices in blood and lives of the American people. The British are spoiled.

According to Secretary of State Byrnes, this proposed loan to Britain should be approved by the Congress. He has set forth the usual arguments for the loan. Pointing out that Britain was our largest customer before the war and is now impoverished by the war, he says that we

must help England to become our largest customer again—and do it with our own dollars.

Mr. President, we have about 10,000,000 American GI's in this country who have been impoverished by the war. They were fighting in mud and blood, in foxholes all over the world, and they were paid very little for what they did, while the folks back home were getting handsome pay by the hour and by the day, and were able to lay aside for the rainy day. Now these boys have come back home, and they do not have anything.

They have no bank accounts. Their economic status deserves attention and, I say, greater attention than England's economic condition does. Our GI's deserve attention first; they are entitled to priority.

However, Mr. Byrnes says that we must use our own dollars to help England become our largest customer again. Mr. President, if a few people in this country think that if we pour this money into the lap of England, we shall get it back by way of the sale of goods which they will manufacture, let me say that may be true, but it will not do any good to the rank and file of the people of the United States.

Secretary Byrnes says that Britain will use much of this money to buy goods in this country—that is only a hope that Jimmy is entertaining—and he also hopes that Empire preferences and tariffs which keep our goods out of the British Empire to a large extent will gradually disappear if we make this loan. But that is just another hope, that is all. There is no promise, no agreement, no binding contract. He hopes that these results will come, but he cannot promise us definitely that they will. It seems that we are being asked to make the loan—to give Britain our \$3,750,000,000—and then hope that some day, in some way in the sweet bye and bye, some benefits will come to us in return for our generosity.

In connection with the loan agreement, Secretary Byrnes issued a paper outlining many laudable and desirable aspirations with reference to world trade. Although recognition has been given this statement by the British, they have not signed the paper. They have, in effect, agreed to undertake to help us work out worldwide multilateral agreements with reference to world trade, governing some questions as tariffs, quotas, cartels, and production, and to have these agreements administered by an international trade organization. However, this is nothing more than a promise on the part of Britain to help us to try to work out agreements of some kind with the other 48 nations of the United Nations. In other words, the British say that they will cooperate in helping us work out world-trade agreements with other nations if we lend them \$3,750,000,000, settle our lend-lease claims for 2½ cents on the dollar, and give them title to approximately \$6,000,000,000 worth of surplus property, investments, and materials in Britain.

Mr. President, I have about the same opinion of this agreement that the Germans had of a treaty—just a scrap of paper.

This loan agreement, with its more than generous terms, has not met with widespread approval in England. Although the British Parliament has approved the proposal, it did not do so until considerable opposition had been expressed. The New York Times of December 16, 1945, carried an article which had the headline—

London grows bitter over American loan—
Editorial opinion of all shades says terms are harsh, unworkable.

Mr. President, any man, even a fool, can understand what the British are attempting to do. England complained about this kind of agreement or negotiation or loan. But that was a mere smokescreen on the part of the English and on the part of the manipulators of this deal. They sent Mr. Churchill over here, and he was here some time. It is said that on the floor of the House of Commons, Churchill asked his followers not to vote for acceptance of the loan. Perhaps some of them did not vote for it. Perhaps some of them did not vote; indeed about 80 percent did not vote. But, it was all camouflage. It was done to leave the impression that if the terms were harsh with regard to England, she would not accept them. Mr. President, she would not for anything miss the chance to get this loan. We must sometimes read between the lines. Newspapers have been filled with all sorts of war scares. Mr. Churchill made a speech and dared to suggest a coalition between the United States and England against the remainder of the world. All of it was a part of a plan, scheme, and dream of the British to put over this loan. There has never been any danger of another war. Persons who read between the lines and keep abreast of what is going on know there is no danger, and has been no danger, or even a suggestion of war. However, the newspapers, as well as the radios, carried statements about the possibility of war, war, war, breaking out any minute.

Of course, the administration crowd have been trying to bring about the enactment of the universal military training bill. They have also tried to bring about an extension of the draft, and retain war powers, as well as delay the day of declaring peace. There was not even a suggestion of war at any time. Only miserable and puny rot has been dished out. We do not need England to hold the line in the next war. We will not need her, because next time there will be no holding of the line. With jet propulsion airplanes, which are now not a dream but a possibility, and with the atomic bomb, there will be no prolonged war. I hope, Mr. President, that we have bombs such as those which the socialistic Laski the other day said we have, which could destroy Illinois and Indiana with one shot, and that with five of them everything south of Mason and Dixon's line could be destroyed. But in the next war there will be no holding of the line. The conflict will all be over in a jiffy. All we will need to know is that the time has come, and within a few minutes the damage will have been done. Yet, Mr. President, some persons assert that we must turn these billions of dollars over

to England, build her up and make her strong as a buffer in order to hold the line in any future war with Russia. That is all nonsense. When we fight the next war we will need in advance only about 30 minutes' notice.

The British believe that the terms, which, indeed, cannot be called business terms in any sense of the word, are harsh because Great Britain wanted an outright gift. England wants a Christmas present. Great God! I think she will be getting one if we pass this joint resolution, because she will never have to pay back the money. I am justified in making that statement because she did not pay back the other loan which we made to her. She will not even talk about it.

When Lord Keynes, one of the principal negotiators in connection with the agreement which is now before the Senate, came to the United States in September 1945 he said that he had come to make some arrangements with regard to lend-lease, and some agreements by which England could be helped out of her economic difficulties. England may have some financial difficulties, but the United States also has some financial difficulties. Today we owe a debt which is greater than the combined debt of all the Allies throughout the world. The debt is greater than the debt of all other nations of the earth. Where are we going to get the money with which to pay it? However, the following statement, which was made by Lord Keynes, shows that Great Britain did not want a commercial loan. No; she is looking for a Christmas tree. The statement to which I refer is as follows:

No doubt an easy course would be for you to offer, and for us to put our names to a substantial loan on more or less commercial terms, without either party to the transaction troubling to pay too much attention to the question of the likelihood of our being able to fulfill the obligations which we are undertaking. . . . We are not in the mood, and we believe and hope that you are not in the mood, to repeat the experiences of last time's war debt. We would far rather do what we can to get on as best we can on any other lines which are open to us.

Mr. President, that was a most remarkable statement which was uttered by the man who headed the delegation from England to the United States to fix up this miserable arrangement. For emphasis, I wish to read the statement again. I have plenty of time.

No doubt an easy course would be for you—

This is Lord Keynes speaking, the man who headed the outfit which came over here from England to arrange for this loan—

to offer, and for us to put our names to a substantial loan on more or less commercial terms—

Mr. President, note the language, "more or less commercial terms"—

without either party to the transaction troubling to pay too much attention to the question of the likelihood of our being able to fulfill the obligations which we are undertaking.

Mr. President, that is exactly what it was. No attention was paid to the

likelihood of England paying back the obligation.

We are not in the mood, and we believe and hope that you are not in the mood, to repeat the experiences of last time's war debt. We would far rather do what we can to get on as best we can on any other lines which are open to us.

Thus, Lord Keynes made it plain that he was not seeking a commercial loan; that he was not seeking a loan on business terms to be paid back with interest. Great Britain wanted a grant-in-aid, a gift without any provision being made for paying back the loan.

Sydney Campbell, financial editor of Reuter's, said in July 1945:

One thing should be made clear—

Mr. President, listen to these English financiers talking. I ask all Senators to listen, because then they may know what they are being asked to do. We are saying to the English, "We love you better than we love our soldier boys. We love you, our English cousins, better than we love our GI boys. We are sorry for you. We will take care of you and help you in your economic troubles." But to our millions of boys who paid the price we can say nothing. They did not make promises which will not be fulfilled because they have already delivered. We are saying, in effect, to those boys, "We are sorry, but we cannot do anything for you. We must go across the sea and help England so that she can pay her soldier boys a bonus, raise her salaries, and reduce her taxes." That, Mr. President, is the "guts" of the proposition.

Again I ask Senators to listen to what Sydney Campbell, financial editor of Reuter's, said in July 1945:

One thing should be made clear about the present discussions in the United States about a loan of three to five billion dollars to Britain. Britain would almost certainly refuse any such loan, however big it might be and however low the interest. British official and business circles are virtually unanimous that Britain is not interested in converting sterling debt into dollar debt. They are rather mystified as to why Americans trouble to discuss the matter. A grant-in-aid would, of course, be accepted. Britishers would regard that in terms of the United States and possibly others of the United Nations taking over their fair share of the common war debt, which is at present piled on Britain's back alone. In return for such aid, Britain would be only too glad to make what Americans would regard as concessions in regard to freeing sterling and mitigating the exclusivity of the sterling area.

No, Mr. President, England did not want to borrow any money in July 1945, according to Sydney Campbell, financial editor of Reuter's. She did not want to borrow any money from America. But, standing like a beggar on the street corner with hat in hand, Sydney Campbell said, in effect, "We accept it if you will give it to us. All we will do to show our appreciation, if you give it to us, will be to take some action about the sterling bloc, and mitigate the exclusivity of the sterling area."

"Exclusivity" is an English word.

Even though the British negotiators did not want a commercial loan and we were put on guard as to what they actually wanted—a gift—we still permitted

the discussions to proceed. The final agreement which we here have under discussion was the result. The proposed \$3,750,000,000 was reluctantly approved by the British after it had been duly criticized as being too harsh.

Mr. President, I have just been going over some of the terms of the agreement. Yet England said they were harsh. That is horseplay.

In the House of Commons, Mr. Churchill and the conservative leaders showed their disapproval of the loan by urging their followers not to vote. Churchill would have fallen dead in his tracks if the Parliament had voted down acceptance of the loan. All this was horseplay, for the benefit of unsuspecting, gullible suckers in the United States. However, 50 members of the Conservative Party along with 38 other members of Commons voted against the loan. Mr. Churchill said that the British had "gotten the worst of it both ways." Referring to this loan of \$3,750,000 with 2 percent interest beginning in 1951, and to be repaid over a period of 50 years, and with which Britain had to accept the agreement to join in the Bretton Woods pact, Mr. Churchill said:

It is—in fact, let us hope—it is too bad to be true.

Mr. President, we have been often reminded of the necessity of our making this loan to Britain in order to put that country on the road to a sound economy. There seems to have been more current talk about helping Britain pay off her war debts and plan for her future economy than there has been about our own public debt. Since I come to think about it, I never hear much said about the two-hundred-and-sixty-odd-billion dollars we owe, and which we shall have to pay, and many billion dollars more if we carry out our obligations to the soldier boys. We do not say anything about that.

The United Kingdom owes, I think, about eighty-some-odd-billion dollars, against our two-hundred-and-sixty-odd billion, yet England boasts that the sun never sets on the flag of her empire, she boasts of the fact that she owns and controls one-fifth of all the land of the earth, not water, but land, and that she has under her dominion one-fourth of all the people of the earth, with unlimited resources in all her provinces and dominions. However, she owes but eighty-odd-billion dollars against our two-hundred-and-sixty-odd billion, and here she stands at our door like a beggar with her hat in hand saying, "Give me, give me; lead me to the Christmas tree."

Many misleading statements about Britain's financial condition have been made, and while no one doubts that Britain can use this \$3,750,000,000 loan, it is difficult to believe that the need for the money is as great as it has been represented to be. Would the negotiators of this loan agreement have us believe that the financial condition of Great Britain is so grave and the Empire so decadent that it can only be saved by American money?

In Barron's National Business and Financial Weekly, January 14, 1946, page

3, we find the following statement in an article by C. H. Grattan:

The British financial position is very hard to estimate in the absence of vital particulars about it.

They are very smart boys. They keep a part of their business under cover.

There are pessimistic and optimistic views, based on alternative assumptions. Presumably the negotiators of the loan have all the facts before them.

A very violent supposition.

But figures lately published in The Economist suggest that while the position is difficult it is not desperate—yet! These figures show that far from having liquidated all her long-term investments abroad in securities and other property, Britain has liquidated only about one-quarter of them. At the end of 1945, the country's overseas assets just about equalled its overseas debts.

I shall come to the question of England's assets scattered all over the world, and especially nestling here in the bosom of American financial institutions.

The British Government has millions of dollars' worth of investments in the United States. In 1941, the British were very much in need of dollar exchange in the United States and obtained a loan from the Reconstruction Finance Corporation. In order to secure this loan, the British Government pledged securities which it held in American companies. Britain obtained these securities from British nationals and offered them to RFC in return for the loan. That was a business transaction. They are going to have to pay that debt to the RFC. It has some collateral, and, strange to say, it was collateral which England had here in the United States.

The securities pledged to RFC may be listed in four groups: First, listed stocks and securities of 83 large representative companies; second, 66 unlisted stocks and securities in which the British Government is a substantial or controlling owner; third, the capital stock of 40 British-owned United States insurance companies.

Let American citizens think of that—the capital stock of 40 British-owned United States insurance companies. What? England owns 40 of our insurance companies here in the United States? Yes; she does.

The fourth group of collateral put up with the RFC was an assignment of earnings of the United States branches of 41 British insurance companies.

Mr. President, the present market value of these securities held by RFC is about \$775,000,000. Thus, the British Government itself has this three-fourths of a billion dollar interest in American industry, and is a substantial or controlling owner of the stock in a large number of American companies. Some of the British Government holdings in United States industry are:

	Shares
General Motors Corp.....	434,000

It will be remembered that during the long automobile strike in Michigan, which lasted 118 or 120 days, Reuther wired to the English Government and asked them to intercede and do something about the strike, because he knew that England owned 434,000 shares of

General Motors. The other stocks owned by England are as follows:

	Shares
Radio Corp. of America.....	177,000
Amerada Petrol.....	133,000
Chrysler Corp.....	36,000
Standard Oil of New Jersey.....	198,000
Standard Oil of Indiana.....	315,000
Socony-Vacuum Oil Co.....	130,000
American Telephone & Telegraph Co.	70,000
United States Steel (preferred)....	21,000

Mr. President, that is only a partial list of the stock England owns in our great industrial empire in America.

I think it is time England was doing a little liquidating, converting her holdings here into good American dollars, so that she could rehabilitate herself. That is what any one of us as a private citizen would have to do. If we had shares and had to repair a house or build a house we would borrow on those shares or sell the shares, get the money, and go ahead to take care of our economic status. But England does not propose to do that. England is going to hold on and keep holding onto these good properties she owns in the United States.

One enthusiastic supporter of the joint resolution said, "It is necessary for England to hold onto the properties so she will continue to have an income with which to go along." I think England might learn the lesson of cutting the garment to fit the cloth.

The following question has been wisely asked by several Members of Congress: Would it not be good business for the British Government to liquidate these holdings which they have in the United States and use the cash to reduce their debt rather than to continue receiving earnings from this source while attempting to negotiate further loans from the United States taxpayers?

No; I do not blame England. So long as England can come over here and make suckers out of us and get the American taxpayers' dollars, take them back to improve her economic status, reduce her taxes, build up her armed forces, and operate her Bank of England—so long as she can come over here and get all that money for these purposes, knowing that she does not have to pay it back, and knowing that she never will pay it back, I do not blame England. We are the suckers.

Mr. President, I repeat the old saying that if a man fools you once you are not to blame, but if he fools you the second time you are to blame. England has taken our money and defaulted once, and then we were not to blame. We had reason in those days to trust her financial integrity, to trust the honesty of the Government of Great Britain, but today with her socialistic government, with communistic leanings, as many of us know to be true, we would be suckers indeed to loan her money without some collateral, some tangible stuff that we could fall back upon in case of another default.

Great Britain boasts of her empire throughout the world, and we have often heard the statement that the sun never sets upon the land and territories which pay allegiance to the British Crown. By the way, England could gather together a great deal of financial help if she would

dispose of her crown jewels and all the wealth she possesses. Even if it can be shown that the Government of the United Kingdom must have this loan from the United States in order to prevent economic collapse, why should we not be given security for the loan? There is nothing in the agreement which gives to the United States anything in the nature of foreign bases, use of lands, raw materials, communications, or any other concession of a substantial nature. There is no security being pledged which will guarantee the United States against total loss of the amount of the loan.

Why did the negotiators not wish to offer security for the repayment of the loan? Why did England not go to the Export-Import Bank to seek the loan and pledge the necessary security, as other nations are expected to do?

But if Senators vote this loan or this gift, do not say to Russia, "You cannot come in and get your bag of gold." Do not say it to France. Do not say it to Greece. Certainly, do not say it to poor China. Tell them to come on and get theirs; we have plenty. And do not require them to put up any security, either. Give it to them outright—that is, if Senators vote for this measure.

This loan will never be repaid, and we might as well call it now just what it is—an outright gift. The American people are not in the mood at the present time to play Santa Claus and we cannot afford to give Britain \$3,750,000,000. We should not, we must not, we cannot give them this money, and it is the duty of the Congress to defeat the proposal and protect the interest of the American taxpayer.

Sometimes we talk and think and write and dream about the glories of filibusters. If there ever was a piece of legislation before the American Congress that ought to be filibustered until England is rehabilitated, it is this measure.

If making a loan to Great Britain were an entirely new proposition to us, then perhaps there could be some explanation for willingness on the part of our officials to take a chance with these billions of dollars of the taxpayers' money. They might honestly believe that this is a sound agreement and that the money will be repaid. But we have had experience with this matter before and we should benefit by the lessons of the past.

Following World War I many foreign countries borrowed money from the United States. There is no need for us now to discuss the reasons why these European countries were given loans by our Government, nor why they later defaulted. One thing we do know. All our generosity and loaning of our money to European countries did not contribute one whit to keep us out of World War II. I sometimes think it helped to bring it on, because it is now an open secret that England, which got the major part of the loans after World War I, aided and abetted, furnished supplies to, schemed, and conspired with the Germans to make them strong militarily, in the foolish hope that the British were protecting themselves from Russia—another nightmare they had. I am speaking authoritatively. The important thing for us to remember

is that these loans were not repaid. A table was printed in the Times-Herald, February 13, 1946, which shows what 17 nations still owe the United States on these World War I debts. It will be interesting and refreshing to look at this list at this time. I read as follows:

HERE IS WHAT 17 NATIONS STILL OWE UNITED STATES FOR WORLD WAR I

Seventeen foreign countries still owe the United States from 40 to more than 95 percent of the money they borrowed after World War I. Treasury officials have informed Congress.

Their names, the amounts they borrowed, and the unpaid principal were listed in printed hearings made public yesterday by the House Appropriations Committee as it sent a Treasury-Post Office supply bill to the House floor.

The World War I debt situation as of last July 1:

Country	Total debt	Principal unpaid
Belgium.....	\$503,579,077	\$400,680,000
Czechoslovakia.....	175,072,336	165,241,108
Estonia.....	24,491,700	16,466,012
Finland.....	8,574,063	7,842,131
France.....	4,606,635,664	3,863,650,000
Austria (Germany).....	26,024,539	25,980,480
Great Britain.....	6,415,664,782	4,368,000,000
Greece.....	36,873,535	31,516,000
Hungary.....	2,740,938	1,908,560
Italy.....	2,052,213,409	2,004,900,000
Latvia.....	10,114,980	6,879,464
Lithuania.....	9,064,140	6,197,682
Poland.....	306,467,824	206,057,000
Rumania.....	74,926,279	63,890,500
Yugoslavia.....	63,396,718	61,625,000
Armenia.....	27,391,079	11,959,917
Russia.....	448,079,237	192,601,297

We were not very generous toward Russia in those days. That is an Associated Press dispatch published by the Times-Herald, showing the indebtedness of these countries to the United States.

The loan which we made to Great Britain following World War I totaled more than \$4,000,000,000. Not only did Britain refuse to repay this loan, but the United States was referred to as Uncle Shylock for even requesting payment. From the figures given below, we see that Britain's total indebtedness to us on this World War I loan as of July 1, 1945, amounted to \$6,415,664,782.58.

Owing all this and refusing to pay, without rhyme or reason, with untold millions invested in the very best property in the United States, she would not even so much as pay the interest on what she owed. She came over here with her hat in her hand and never mentioned it. Nary a word did she say about the \$6,415,000,000.

If any Member of the Senate should go to a bank in Washington or in his home town, or anywhere else, and borrow \$50,000 to carry on a business operation, and default on the \$50,000 loan, quit paying interest, quit talking to the banker about the \$50,000 he owed, and never communicate with the banker in regard to it, if he should go back to the bank after a period of 8 or 10 years and say, "I am up against it; I am hard up; my economic status is bad, and I wish to borrow \$50,000," would any banker in America or in the world let him have another \$50,000 unless he did something about paying the first \$50,000 loan on which he had defaulted? Any banker in the

world would say, "All right. I am glad to help you, and I have the money to lend; but before we negotiate a new loan let us do something about the old loan. Can you not give me some collateral on the old loan? Can you not make it gilt-edged so that I can collect it if you should default again?" There is not a banker in the world who would not require something to be done about the old loan.

Yet England, which today owes the United States \$6,415,664,782.58, loaned to her in her hour of need, in good faith, on which loan she long ago quit paying interest, quit talking about paying interest, and quit talking about paying the principal, comes here and has the audacity to say, "Let me have \$4,000,000,000 more. I am in trouble. My economic condition is not just right. I want to improve my trade relations." And without any collateral or any offer of collateral, we poor suckers say, "That is all right about the \$6,000,000,000. We do not care anything about it."

Senators may not care anything about it, but they represent constituencies which do care something about it. When I go back to the hills and vales of Mississippi and talk to the GI boys whose personal economic condition is worse than that of England, I shall be faced with the fact that we let England get away with \$6,000,000,000 in the First World War, and loaned her \$4,000,000,000, after giving her \$25,000,000,000 in lend-lease. Those boys will say to me, "You did not do anything for us. We borrowed a little money from the Government, on which we were compelled to pay 4 percent interest, and you let England have money for 1.62 percent." I do not know anything about the constituencies of other Senators, but I know my constituency in Mississippi. I know that if I were to do a trick like that I would never come back. I do not believe that I would ask the voters to let me come back. I know them too well.

The principal of obligations received by the United States from Great Britain under the Liberty Bond Acts in World War I was \$4,277,000,000. The payments received from Great Britain prior to the funding of the debt on December 15, 1922, were \$202,181,641.56. The principal at the time of funding was \$4,074,818,358.44. The total indebtedness as of July 1, 1945, was \$6,415,664,782.58. The principal outstanding on July 1, 1945, was \$4,368,000,000. The difference represents interest.

Shortly after President Truman asked the Congress to approve the proposed loan to Great Britain there were two editorials written on this subject which I now wish to read. The first is from the Baltimore News-Post of February 5, 1946. The title of the editorial is "A Weak Case."

President Truman has presented a very weak case in his appeal for congressional approval of the proposed British loan—unavoidably, of course, because there is no very strong case to be offered in its favor.

The President's advocacy of the loan as a means of enabling Britain "to move side by side with the United States toward the common goal of expanded world trade" would have more weight if the past performance

of Britain as a borrower had been better and if the prospects of her future performance in that respect promised something better.

The record of Britain's past performance is inescapable.

The British Government borrowed vast sums of American money during and after the First World War, and took refuge in repudiation; and in consequence, the American people were burdened not only with their own exhaustive burdens of war and reconstruction but with the greater part of Britain's burdens in addition.

That the new loan now contemplated will come to the same end no one can doubt, and few will dispute.

Brave is the man who will stand on the floor of the Senate and say that he believes that England will pay this money.

In fact, the most responsible and best informed of British spokesmen have been perfectly candid about the dim prospects for repayment of any new loan, whatever the conditions agreed upon—acknowledging both unwillingness and inability to attempt repayment, however cheap the terms.

Lord Keynes said, "Let us have the money. Lend it to us on some kind of terms, but do not bother yourself about repayment. We do not know whether we will repay it or not." He was frank with us. I believe that some of the advocates of this proposal wish to give the money to England. They are just that generous with other people's money.

For that very good reason—anxious to avoid both the discredit and the humiliation of another repudiation—the British negotiators did not come to the United States last year in quest of a loan but of an outright grant or gift of money made in accordance with the same principle accepted by the American Government in its cancellation of lend-lease obligations.

The British argument in behalf of this amazing proposition was that Britain, instead of being a debtor of the United States, was in fact the creditor of the United States by virtue of having been in the war longer—the lend-lease cancellation having accounted for only a part of the American debt to Britain, and the proposed new grant of money being required for liquidation of the remaining debt.

While the American negotiators professed to find the British position on this matter untenable and the British arguments unpersuasive and unacceptable, they came pretty close to taking the same position in the end and thus yielding to the same arguments.

The loan they have offered Britain, and for which President Truman now seeks congressional approval, falls short of being an outright gift only in the lack of the name.

I suggest that hereafter we call this a gift, and not a loan.

Britain is accorded the right to forego repayment in any year during the life of the purported obligation, and in as many years as she may elect—her own appraisal of the possibility or convenience of repayment to be the determining factor.

That is a very strong paragraph in the editorial.

Moreover, during a certain part of the life of the obligation any repayment Britain does make at her own election can only be expended by the United States in the United Kingdom.

That is the \$650,000,000 which I have been discussing.

Even so, many eminent and informed and responsible British authorities still do not want the loan, even on these terms.

This is where the editor of the newspaper was misled. It was all horseplay when they were talking about not wanting it.

Most of them realize that any foreign debt is a millstone on the neck of Britain's economy.

This is one debt that will never be a millstone around the neck of British economy, because she is getting it, knowing that she is not going to pay it back, so she can strike it off in all her budgetary calculations.

President Truman should be defeated on the issue of congressional approval of the British loan since he has not only poorly presented the case for its approval, but has so very poorly considered the American interests in the matter which should have been his only concern and which have evidently given him very little concern.

I am for Truman, but I am ready to go the limit to defeat him in his ambition to give away \$3,750,000,000 of our taxpayers' money with no hope or promise of repayment, and no collateral. Why did not the negotiators require collateral? It may be asked why the British did not go to the Export-Import Bank. They did not do so because they knew that if they went there, they would have to put up collateral.

The other editorial is from the Washington Times-Herald of February 1, 1946.

Mr. LANGER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. TUNNELL in the Chair). Does the Senator from Mississippi yield to the Senator from North Dakota?

Mr. BILBO. I am glad to yield.

Mr. LANGER. In respect to the proposed loan of \$3,750,000,000, let me say that I do not know what the assessed valuation of the Senator's State is, but the assessed valuation of the entire State of North Dakota, including every horse and cow there, and including all the land, all the buildings, all the personal property, and all the farm machinery, is less than \$1,000,000,000. So it is proposed that we give away approximately four States of this Union.

Mr. BILBO. Yes; four States of the size of North Dakota.

Mr. LANGER. Yes; and there are many States which have an assessed valuation much less than that of North Dakota, as the Senator from Mississippi well knows.

Mr. BILBO. Yes.

I appreciate the observation of the Senator from North Dakota. I do not know the exact amount of the assessed or appraised valuation of Mississippi. I have never had occasion to look it up. All I know is that Mississippi is not for sale.

Mr. LANGER. Mr. President, will the Senator further yield?

Mr. BILBO. I yield.

Mr. LANGER. I remember that at the time when the distinguished Senator from Mississippi was Governor of Mississippi, I saw the figures for the assessed valuation of his State; and at that time I think it was in the neighborhood of \$1,000,000,000.

Mr. BILBO. It was low because the ad valorem assessment of 6 mills was not

adequate to take care of the barest necessities of the State's institutions and activities. For that reason, for 4 years while I was Governor, at a time when the country was going through a panic, I begged the legislature to enact a sales tax. The legislature would not do so, but finally at the last term they agreed to my request, but only to the extent of providing for a sales tax of one-fourth of 1 percent, to test out or try out the volume. But I continued to fight, and finally they enacted a 2-percent sales tax, and the money has been rolling in ever since. A sales tax is like castor oil: It is bad to taste, but it gets results.

Mr. President, I was about to read an editorial from the Washington Times-Herald of February 1, 1946, as follows:

WHY A BRITISH LOAN?

President Truman day before yesterday sent Congress a message repeating the conventional arguments for the proposed loan to Great Britain and asking Congress for a hurry-up O. K. on the loan.

The transaction would add up to \$4,400,000,000. Of this, \$650,000,000 would go to clear the lend-lease slate between the United States and Great Britain.

It would wipe out the \$25,000,000,000 or \$29,000,000,000 worth of lend-lease supplies. After deduction is made for the reverse lend-lease, the net benefit to them was approximately \$25,000,000,000.

I read further from the editorial:

The other three and three-fourths billions would constitute the loan. Interest would be at 2 percent. Neither principal nor interest payments would begin until 1951. In years when times were sour in Britain, we would just forget about the interest.

Mr. President, if Britain keeps her socialistic form of government, leaning communistically, it is my guess that times will be sour in Britain all the time.

I read further:

TRUMAN'S MESSAGE

This deal, says the President in his message, will grease the wheels of international trade, enable Britain to recover from the war more quickly than it could recover under its own steam, promote business between the United States and the British Empire, avert a trade war between Britain and this country, and in various other ways speed the mopping up of the war's financial and economic wreckage.

I think the United States can hold its own in a trade warfare with Great Britain. I think we are in a position to go into all parts of the world and get our share of the world trade. We do not have to grease the machinery of England with \$4,400,000,000 in order to make it easy; I am sure of that.

I read further:

With all of the above, we disagree.

Let's reduce this proposition to human, individual terms, so that anybody can understand its implications. Suppose the family black sheep went around and promoted various loans from the substantial members of the family, then blew the money on race horses. The second time he came around for loans, he might get them. But if he blew these loans as he blew the first ones, his third money-raising trip around the substantial part of the family would probably net him little if any jack.

UNCLE SHYLOCK RIDES AGAIN

We helped England out of World War No. 1. We put up 2,000,000 men for the Western front, and loaned Britain about six and a half billions—which in those days was not

hay. Britain repaid some of the money, then quit paying, and set up Empire preference tariffs against our goods, while British statesmen called up Uncle Shylock because we made some mild objections to all this welshing.

And now, here we go again. We extended twenty-nine billions' worth of lend-lease goods to the British Empire during the late war. That is to be washed out, along with the twelve billions in lend-lease that we gave other nations.

We also contributed about 3,500,000 men to the war in western Europe—three times as many as Britain contributed—and pulled Britain's Far East Empire out of the fire virtually single-handed, except for Burma. The British are back in Hong Kong now.

But as if this were not enough, Britain's Socialist government now wants another loan of about four billions—and Parliament had the supreme gall to pretend to be hesitant about accepting the loan on the ground that the terms were too harsh.

The writer of this editorial knew his stuff, because they were pretending. It horseplay.

I read further:

If Britain gets the four billions, what argument can there be against loaning Russia the six billions Stalin told some Congressmen he wanted? Then why not loan France the two and one-half billions it is reported willing to accept?

However, Mr. President, France wants \$6,000,000,000, and possibly she needs that much money. I think France is in worse condition than England is.

I read further from the editorial:

After that, why not just tell Iran, Iraq, and every other nation that wants some of our money to come and get it?

This money, we should all bear in mind, will not be manna from the skies or stage money pulled out of a wizard's hat. It will come from the pants pockets of United States taxpayers, which means all of us directly or indirectly.

All of us are going to have to pay the bill. It is terrible to contemplate.

I read further from the editorial:

We throw this two bits' worth of ours into the loan argument because we believe it, not because we fancy that any winged words of ours can block the British loan.

President Truman thinks it good politics to follow along with the Roosevelt-Morgenthau gibberish about one world, and all that. It looks as if Congress will O. K. this loan, which on World War I precedent will be nothing but a gift, and as if the people won't be able to do a thing about it until and unless they can change control of our Government at the polls.

Mr. President, I believe the people would change the personnel of this Government at the polls if such an unreasonable thing as this loan were to be enacted by the Congress.

The editorial continues, as follows:

WE SHOULD SPEND THE MONEY HERE

It seems to us that the sensible thing to do would be to teach England that war is a horrible and a costly jag, by letting England

sweat out its World War II hangover unassisted.

As for the four or ten or twelve and one-half or twenty billions we're thinking of loaning out on dubious terms to dubious borrowers—if we must spend that money, why not spend it in our own country? Why not split it about 50-50 between a real long-range national defense program and generous bonuses for our own veterans of World War II?

At least, our veterans would spend the money in this country. Even the money they spent wastefully would stay here. Foreign debtors may, as promised, buy a lot of United States goods with this loaned money—

I doubt it—

but if they don't pay it back we will merely have given them the goods.

We think our World War II veterans should join the American Legion in overwhelming numbers, and go out after these bonuses.

Mr. FULBRIGHT. Mr. President, will the Senator yield to permit me to move that the Senate take a recess until Friday noon?

Mr. BILBO. I shall be glad to yield; but before such a motion is made, I wish to ask whether it is understood that I shall retain the floor when the Senate assembles again?

Mr. FULBRIGHT. That is agreeable.

Mr. BILBO. If the Senator obtains unanimous consent to that effect, very well.

The PRESIDING OFFICER. The Senator from Mississippi [Mr. BILBO] asked unanimous consent that he be accorded the floor at the beginning of the session of the Senate on Friday.

Mr. BILBO. I yield on that condition. I wish to finish my speech, and, at the same time, answer a magazine known as Life, including Mama Luce and Papa Luce. [Laughter.]

The PRESIDING OFFICER. Without objection, it is so ordered.

UNAUTHORIZED USE OF NAME— PERSONAL STATEMENT

During the delivery of Mr. BILBO's remarks.

Mr. WILEY. Mr. President, I ask that at the conclusion of the remarks of the Senator from Mississippi [Mr. BILBO] there be printed in the RECORD a statement by myself in relation to the unauthorized use of my name in connection with certain bills.

Mr. BILBO. Of course, the Senator realizes that my remarks will not be completed today. The Senator stated that he wished to have the statement printed in the RECORD at the conclusion of my remarks. Does the Senator mean to have his statement printed in the RECORD some time next week? [Laughter.]

Mr. WILEY. I ask unanimous consent that the statement be printed in the RECORD at the conclusion today of the remarks of the Senator from Mississippi.

Mr. BILBO. Very well.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR WILEY

Mr. President, for the second time within a few weeks it has been brought to my attention that my name has been misused in connection with certain pending bills. In both cases it has concerned science legislation.

The first instance was several weeks ago. As a sponsor of S. 1777, a bill to create a National Science Foundation, I had been appointed to a subcommittee on the Commerce Committee to which this bill was referred.

To my knowledge the subcommittee only held one meeting. Shortly afterward I received a copy of what purported to be a report made by this subcommittee. This report recommended that further action on S. 1777 be dropped because sufficient hearings and consideration had already been given to other science bills. It also contained a complete misrepresentation of the bill I had joined in sponsoring.

Mr. President, I never saw that report, nor did I have any knowledge of it until it came to me from a source outside of Congress. The person who sent it to me had received it in response to a letter addressed to the chairman of the Committee on Commerce.

Mr. President, that report contained my name so as to appear that I had signed and approved it. I did not approve it nor authorize the use of my name, and I protested the procedure, which gave the wrong impression. I cannot accept the simple explanation that my name was put on merely as a member of the subcommittee. That is a weak excuse for misrepresenting the position of a Senator of the United States.

On several recent occasions dealing with science legislation my name has been used as a supporter of S. 1850, the Kilgore-Magnuson bill to create a National Science Foundation. I am represented as not only supporting this bill but actually as trying to have my name added to this bill as a sponsor.

Nothing could be farther from the truth. I am not a supporter of S. 1850. I am opposed to the bill. On the contrary, I am a sponsor of a measure introduced in opposition to S. 1850.

Mr. President, I consider S. 1850 one of the worst pieces of legislation introduced into the Congress in many years. Its avowed purpose may be good, but its method of approach to the problem is undemocratic, bureaucratic, and highly dangerous to scientific progress and to the welfare of the Nation. I shall have more to say on this subject when and if the bill reaches the floor in its present form.

I wish the RECORD to show that I resent the unauthorized use of my name in connection with Senate bills and reports. I hope that there will be no recurrence.

RECESS TO FRIDAY

Mr. FULBRIGHT. I move that the Senate take a recess until Friday next at 12 o'clock noon.

The motion was agreed to; and (at 4 o'clock and 50 minutes p. m.) the Senate took a recess until Friday, April 26, 1946, at 12 o'clock meridian.